Zacks Report Date: January 01, 2026

Xylem Inc. (XYL)

$136.18 (Stock Price as of 12/31/2025)

Price Target (6-12 Months): **$147.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 11/18/25) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM: C
	Value: C | Growth: C | Momentum: C	

Summary

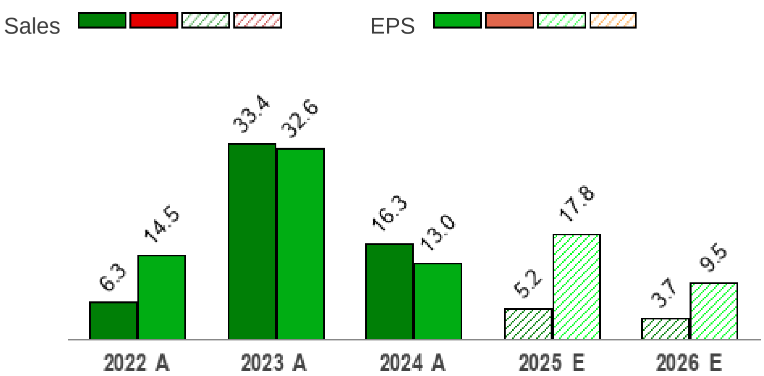
Given the essential nature of Xylem's offerings, it generally sees steady demand, irrespective of economic cycles. Its M&CS unit is benefiting from robust demand for smart metering and other applications, primarily in the United States. Growth in the transport and treatment application businesses is boosting the Water Infrastructure unit's performance. Strength in capital projects and services across the utility and power markets is a boon for the Water Solutions segment. Xylem's commitment to rewarding shareholders adds to the stock's appeal. However, high debt levels may raise its financial obligations and drain the company's profitability. Rising costs due to high raw material, labor, freight and overhead costs are concerning for it. Given its international presence, forex woes may affect its performance.

Price, Consensus & Surprise[1]

Data Overview

52 Week High-Low	**$154.27 - $100.47**
20 Day Average Volume (sh)	**1,106,895**
Market Cap	**$33.5 B**
YTD Price Change	**18.6%**
Beta	**1.18**
Dividend / Div Yld	**$1.60 / 1.2%**
Industry	**Waste Removal Services**
Zacks Industry Rank	**Top 45% (109 out of 243)**
Last EPS Surprise	**10.5%**
Last Sales Surprise	**2.0%**
EPS F1 Est- 4 week change	**0.1%**
Expected Report Date	**02/03/2026**
Earnings ESP	**2.9%**
P/E TTM	**28.4**
P/E F1	**26.9**
PEG F1	**2.0**
P/S TTM	**3.8**

Sales and EPS Growth Rates (Y/Y %)[1]



Sales Estimates (millions of $)[1]

	Q1	Q2	Q3	Q4	Annual*
2026	2,166 E	2,361 E	2,332 E	2,456 E	9,342 E
2025	2,069 A	2,301 A	2,268 A	2,372 E	9,010 E
2024	2,033 A	2,169 A	2,104 A	2,256 A	8,562 A

EPS Estimates[1]

	Q1	Q2	Q3	Q4	Annual*
2026	1.18 E	1.40 E	1.43 E	1.52 E	5.54 E
2025	1.03 A	1.26 A	1.37 A	1.41 E	5.06 E
2024	0.90 A	1.09 A	1.11 A	1.18 A	4.27 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/31/2025.
(2) The report's text and the price target are as of 12/03/2025.

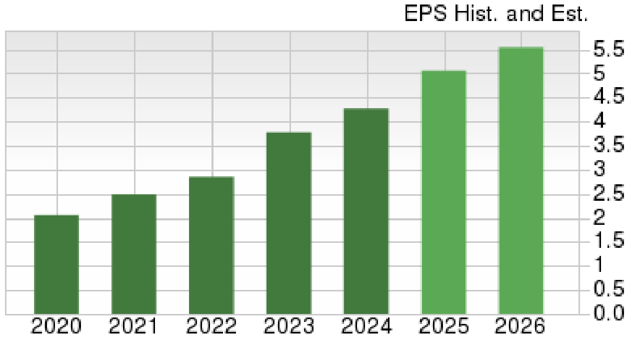
Overview

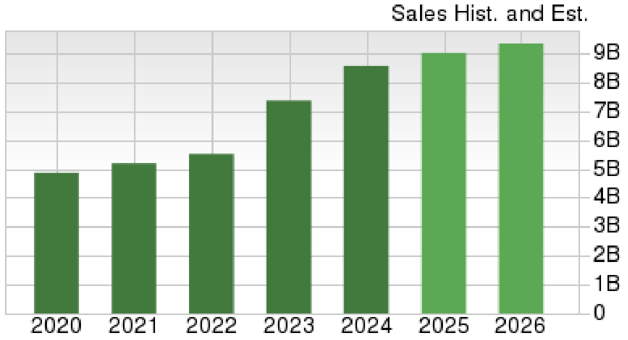
Headquartered in Rye Brook, NY, Xylem Inc. is one of the leading providers of water solutions worldwide. Xylem is involved in the full water-process cycle, including collection, distribution and returning of water to the environment. It has significant presence in the United States, the Asia Pacific, Europe and various other nations.

The company reports business operations under three segmental heads — Water Infrastructure, Measurement & Control Solutions and Applied Water.

Water Infrastructure (29.8% of total revenues generated in 2024): The segment serves the water infrastructure sector with pump systems that transport water from lakes, rivers and seas; with filtration, ultraviolet and ozone systems that provide treatment, making the water fit to use; and pumping solutions that move the wastewater and storm water to treatment facilities. The segment includes brands like Flygt, Godwin, Leopold, WEDECO and Sanitaire. Most of its products are sold directly to customers while the rest are sold through distribution partners.

Applied Water (20.9%): This segment offers water pressure boosting systems for heating, ventilation and air conditioning, and fire protection systems to the residential and commercial building solutions markets. Brands like Goulds Water Technology, Lowara, Bell & Gossett, A-C Fire Pump, Standard, Jabsco, and Flojet form parts of this segment. Most of its products are sold through distribution partners while the rest are sold directly to customers.





As of 12/31/2025

Measurement & Control Solutions (21.9%): This segment includes consolidated results of Xylem's Analytics, Sensus and Visenti businesses, which provide communications, smart metering, measurement and control capabilities and critical infrastructure technologies for a wide range of applications, including Water, Energy, Test and Software as a Service/Other. Brands like Pure, Sensus, EmNet, Visenti, Smith Blair, YSI and WTW form parts of this segment. Its solutions are sold through distributors and dedicated channel partners.

Water Solutions and Services (27.4%): The segment offers on-demand water, specialty dewatering and emergency response service to its customers. It also provides equipment systems for industrial needs, full-scale outsourcing of operations and maintenance, and municipal services.

As of 12/31/2025

Reasons To Buy:

Strength in most of the segments, solid order rate and the Evoqua buyout are expected to fortify Xylem's growth. The shareholder-friendly policies spark optimism.

- Xylem is seeing **growth across most of its businesses**. The Measurement & Control Solutions (M&CS) segment is benefiting from robust demand for advanced metering infrastructure solutions like smart and energy metering and strong backlog execution. The segment's organic revenues were up 9% year over year in the first nine months of 2025, driven by smart metering demand and execution. Exiting the third quarter, the segment's backlog remained healthy at $1.5 billion.

  Growth in the transport application business, driven by the increased infrastructure projects in the United States, is boosting the Water Infrastructure segment's performance. Strong momentum in the treatment applications business, supported by increasing capital projects in emerging markets, also bodes well. The segment's organic revenues increased 5% year over year in the first nine months of 2025, buoyed by price realization and growth across all regions and applications.

  Recovery in the Applied Water segment, supported by higher demand for commercial building solutions applications, including pumps, valves and dispensing equipment, holds promise for the segment. Also, a strong pipeline of capital projects and strength in dewatering and services across utility and power end markets are aiding the performance of the Water Solutions and Services segment. The Applied Water segment's organic revenues increased 2%, while that of the Water Solutions and Services segment increased 5% year over year in the first nine months.

- Xylem believes in **acquiring businesses/assets** to expand its product offerings. Acquisitions contributed $786 million to total revenues in 2024. In April 2025, it acquired Vacom Systems, a wastewater treatment company specializing in non-fouling, non-scaling evaporator and crystallizer systems. The buyout will enhance Xylem's capabilities in providing sustainable water solutions. In December 2024, the company completed the acquisition of a majority stake in Idrica. The inclusion of Idrica's technology will offer growth opportunities for Xylem and will enable it to penetrate new markets and deliver intelligent solutions to its customers. The company acquired mission-critical water treatment solutions and services provider Evoqua in May 2023. Evoqua's advanced water and wastewater treatment capabilities and position in key industrial markets complement Xylem's portfolio of solutions across the water cycle. The acquisition bolsters Xylem's position in water technologies, solutions and services. The transaction is expected to deliver run-rate cost synergies of $140 million within three years of closing. It is also expected to strengthen the company's balance sheet.

- Given the essential nature of the business, demand remains consistent across Xylem's end markets, even in periods of economic weakness. An **increase in order rate**, owing to strength in underlying demand for clean water utility, wastewater utility and industrial end markets, is aiding the company. Xylem received orders worth $6.5 billion in the first nine months of 2025. Exiting the third quarter, Xylem's backlog was approximately $5 billion due to strong order intake and contract wins. There were no significant order cancellations during the quarter.

- Xylem's commitment to rewarding shareholders through **dividends and share buybacks** is encouraging. In the first nine months of 2025, Xylem paid dividends of $293 million, up 11.4% year over year. The company also bought back shares worth $14 million in the same period. In February 2025, the company hiked its dividend by 11%. Also, in 2024, Xylem paid out dividends worth $350 million and bought back shares worth $20 million.

Reasons To Sell:

High debt level, rising costs and foreign currency headwinds are a drag on Xylem's performance.

- Xylem's **long-term debt** in the last three years (2022-2024) witnessed a CAGR of 1.6%. At the end of third-quarter 2025, the company's long-term debt remained high at $1.91 billion. High debt levels can increase financial obligations and prove detrimental to profitability in the quarters ahead. Also, considering its high debt level, its cash and cash equivalents of $1.19 billion do not look impressive.

- Xylem has been grappling with the adverse impacts of **cost inflation**. After witnessing a surge of 15.1% year over year in 2024, the company's cost of revenues increased 3.6% in the first nine months of 2025, due to high raw material, labor, freight and overhead costs. In 2024 and first nine months of 2025, its selling, general and administrative expenses were up 8.8% and 2.4%, respectively, due to additional operational expenditure from the acquisition of Evoqua. Escalating costs pose a threat to the company's bottom line.

- The company has a significant presence in the international markets. As a result, its financial performance is subject to various risks like the **foreign currency exchange rate**, interest rate fluctuations and hyperinflation in some foreign countries. The increased value of the U.S. dollar relative to the local currencies of the foreign markets may affect the company's top line in the quarters ahead.

- The persistence of **tariff-related concerns**, particularly for steel and aluminum, might also inflate costs and delay the delivery of products to its customers. Xylem believes the tariff will have an adverse impact of $180 million on revenues in 2025.

Last Earnings Report

Xylem Tops Q3 Earnings & Revenue Estimates, Updates '25 Outlook

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 28, 2025
Sales Surprise	1.98%
EPS Surprise	10.48%
Quarterly EPS	1.37
Annual EPS (TTM)	4.84

Xylem Inc.'s third-quarter 2025 adjusted earnings of $1.37 per share beat the Zacks Consensus Estimate of $1.24. The bottom line increased 23% year over year.

Xylem's revenues of $2.27 billion beat the consensus estimate of $2.22 billion. The top line increased 7.8% year over year, driven by solid demand across segments. Organic revenues rose 7%

However, orders of $2.18 billion decreased 0.9% year over year on a reported basis and 2% on an organic basis.

Segmental Details

Revenues in the Water Infrastructure segment totaled $656 million, up 5% year over year. Organic sales increased 5% year over year, buoyed by the solid demand for its products and solutions for the treatment and transport of water. The Zacks Consensus Estimate was pegged at $647 million.

The Applied Water segment generated revenues of $456 million, up 2% year over year. Organic sales were up 1% on a year-over-year basis. The segmental performance was driven by strength in the building solutions market. The consensus estimate was pegged at $464 million.

Quarterly revenues of the Measurement & Control Solutions segment totaled $522 million, up 14% year over year. The Zacks Consensus Estimate was pegged at $503 million. Organic sales were up 11% year over year, driven by smart metering demand.

Quarterly revenues at the Water Solutions and Services segment totaled $634 million, up 10% year over year. Organic sales were up 10% year over year, supported by an increase in dewatering, service and capital projects. The consensus estimate was pegged at $605 million.

Margin Profile

Xylem's adjusted EBITDA was $527 million, up 17.9% from the year-ago quarter's level. The margin improved to 23.2% from 21.2% in the prior-year quarter.

Adjusted operating income was $429 million, up 22.6% year over year. Adjusted operating margin increased to 18.9% from 16.6% in the year-earlier quarter.

Xylem's Balance Sheet and Cash Flow

Exiting the third quarter, Xylem had cash and cash equivalents of $1.19 billion compared with $1.12 billion at the end of December 2024. Long-term debt was $1.91 billion at the end of the quarter compared with $1.98 billion at the end of December 2024.

In the first nine months of 2025, it generated net cash of $698 million from operating activities compared with $688 million in the year-ago period. Capital expenditure was $248 million, up 12.2% from the year-earlier period.

Rewards to Shareholders

In the first nine months, Xylem paid dividends of $293 million, up 11.4% year over year. The company also bought back shares worth $14 million in the same period compared with $19 million in the year-ago period.

2025 Guidance

Xylem has updated its 2025 outlook. The company now expects revenues to be approximately $9.0 billion for 2025 compared with $8.9–$9.0 billion anticipated earlier. This indicates an increase of 5-6% from the prior-year level on a reported basis and 4-5% on an organic basis.

Adjusted EBITDA margin is estimated to be approximately 22-22.3%, indicating an expansion of 140-170 basis points from the year-earlier actual.

The company forecasts adjusted earnings to be in the range of $5.03–$5.08 per share compared with $4.70 – $4.85 expected earlier. This metric indicates an increase from earnings of $4.27 per share in 2024.

Recent News

Dividend Update — Nov. 14, 2025

Xylem's board of directors approved a quarterly cash dividend of 40 cents per share, payable Dec 23, 2025, to shareholders of record as of Nov 25, 2025.

Divestiture of Water and Heat Metering Business — Oct. 2, 2025

Xylem inked a deal to divest its international water and heat metering business, part of its Measurement and Control Solutions segment, to AURELIUS. The transaction is expected to close in first quarter of 2026.

Valuation

Xylem's shares are up 20.2% in the year-to-date period and up 9.3% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 8.1% in the year-to-date period, while those in the Zacks Business Services sector are up 5.3%. Over the past year, the Zacks sub-industry and the sector are down 3.1% and 5.2% respectively.

The S&P 500 index is up 18.6% and up 14.9% in the year-to-date period and over the past year respectively.

The stock is currently trading at 25.48X forward 12-month price-to-earnings, which compares to 24.40X for the Zacks sub-industry, 20.10X for the Zacks sector and 23.45X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 47.56X and as low as 21.40X, with a 5-year median of 30.31X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $147 price target reflects 26.75X forward 12-month earnings.

The table below shows summary valuation data for XYL

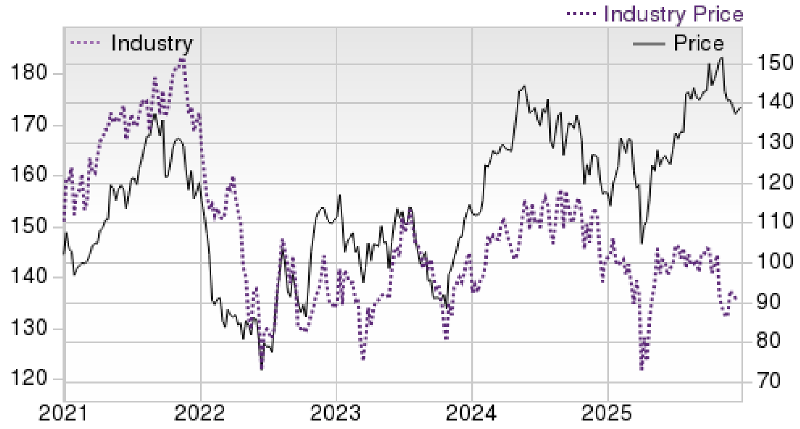
Valuation Multiples - XYL

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	25.48	24.4	20.1	23.45
	5-Year High	47.56	33.5	32.17	23.82
	5-Year Low	21.4	23.48	17.12	15.73
	5-Year Median	30.31	28.05	20.83	21.19
P/Sales F12M	Current	3.64	2.64	3.54	5.31
	5-Year High	4.45	3.16	5.70	5.50
	5-Year Low	2.4	2.21	2.69	3.83
	5-Year Median	3.5	2.63	3.63	5.04

As of 12/02/2025 *Source: Zacks Investment Research*

Industry Analysis[1]

Zacks Industry Rank: Top 45% (109 out of 243)



Top Peers [1]

Company (Ticker)	Rec	Rank
Applied Industrial T...**(AIT)**	Neutral	2
Dover Corporation **(DOV)**	Neutral	2
Flowserve Corporatio...**(FLS)**	Neutral	3
IDEX Corporation **(IEX)**	Neutral	3
Ingersoll Rand Inc. **(IR)**	Neutral	3
Roper Technologies, ...**(ROP)**	Neutral	4
Standex Internationa...**(SXI)**	Neutral	3
Alta Equipment Group...**(ALTG)**	Underperform	5

Industry Comparison[1]

Industry: Waste Removal Services

Industry Peers

	XYL	X Industry	S&P 500	FLS	IR	ROP
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	4
VGM Score	C	-	-	B	F	C
Market Cap	33.50 B	877.43 M	39.51 B	8.92 B	31.87 B	48.45 B
# of Analysts	7	4	22	5	4	9
Dividend Yield	1.16%	0.00%	1.42%	1.20%	0.10%	0.73%
Value Score	C	-	-	C	D	D
Cash/Price	0.04	0.03	0.04	0.09	0.04	0.01
EV/EBITDA	20.01	14.79	14.63	17.41	19.10	18.61
PEG Ratio	1.98	2.39	2.21	1.42	5.02	2.26
Price/Book (P/B)	2.99	2.77	3.34	3.84	3.13	2.42
Price/Cash Flow (P/CF)	20.64	15.35	15.24	20.99	17.97	17.04
P/E (F1)	26.91	30.41	20.05	20.22	24.53	22.59
Price/Sales (P/S)	3.77	2.65	3.14	1.90	4.27	6.27
Earnings Yield	3.68%	3.05%	4.94%	4.95%	4.08%	4.43%
Debt/Equity	0.17	0.69	0.57	0.62	0.47	0.46
Cash Flow ($/share)	6.60	1.53	8.98	3.31	4.41	26.12
Growth Score	C	-	-	A	D	C
Hist. EPS Growth (3-5 yrs)	18.77%	13.46%	8.21%	19.57%	36.76%	8.17%
Proj. EPS Growth (F1/F0)	18.50%	0.00%	0.00%	31.94%	0.00%	8.85%
Curr. Cash Flow Growth	27.12%	9.95%	7.00%	20.17%	9.02%	9.40%
Hist. Cash Flow Growth (3-5 yrs)	10.98%	11.57%	7.48%	1.90%	42.20%	9.39%
Current Ratio	1.96	1.51	1.18	2.10	2.16	0.58
Debt/Capital	16.01%	41.28%	38.15%	38.18%	31.96%	31.41%
Net Margin	10.66%	2.65%	12.77%	9.66%	7.31%	20.34%
Return on Equity	10.77%	2.66%	17.03%	19.41%	12.14%	10.92%
Sales/Assets	0.53	0.62	0.53	0.83	0.41	0.24
Proj. Sales Growth (F1/F0)	5.20%	0.00%	5.85%	4.60%	5.10%	12.50%
Momentum Score	C	-	-	F	C	C
Daily Price Chg	-1.02%	-1.11%	-0.74%	-1.11%	-1.77%	-1.10%
1 Week Price Chg	0.53%	0.37%	-0.20%	-0.04%	2.52%	1.31%
4 Week Price Chg	-3.34%	-1.60%	0.98%	-2.14%	-0.66%	-0.17%
12 Week Price Chg	-8.10%	-3.76%	2.71%	32.35%	-2.19%	-14.40%
52 Week Price Chg	17.38%	0.75%	17.25%	20.62%	-12.43%	-14.37%
20 Day Average Volume	1,106,895	161,653	2,520,743	1,142,070	2,271,504	1,043,722
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.06%	0.00%	0.00%	-0.06%	0.00%	0.00%
(F1) EPS Est 12 week change	4.93%	0.00%	0.69%	2.85%	-3.02%	-1.75%
(Q1) EPS Est Mthly Chg	0.49%	0.00%	0.00%	0.00%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	C
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.