

Edgar Filing: Xylem Inc. - Form 10-Q

Xylem Inc.
Form 10-Q
May 02, 2019

false--12-31Q120180001524472falseLarge Accelerated
FilerfalseP18YP10YP17YP3YP3YP20Y35000000280000000.210.240.010.01750000000.0750000000.0192900000.0193600000
0001524472 2019-01-01 2019-03-31 0001524472 2019-04-26 0001524472 2018-01-01 2018-03-31 0001524472
2018-12-31 0001524472 2019-03-31 0001524472 2017-12-31 0001524472 2018-03-31 0001524472 2019-01-01
0001524472 xyl:PureTechnologiesLtdMember 2018-01-31 0001524472 xyl:PureTechnologiesLtdMember
2018-01-01 2018-03-31 0001524472 xyl:PureTechnologiesLtdMember 2018-01-31 2018-01-31 0001524472
us-gaap:SeriesOfIndividuallyImmaterialBusinessAcquisitionsMember 2018-01-01 2018-03-31 0001524472
xyl:PureTechnologiesLtdMember us-gaap:SoftwareDevelopmentMember 2018-01-31 0001524472
xyl:PureTechnologiesLtdMember us-gaap:TradeNamesMember 2018-01-31 0001524472
xyl:PureTechnologiesLtdMember us-gaap:CustomerRelationshipsMember 2018-01-31 0001524472
xyl:PureTechnologiesLtdMember us-gaap:TechnologyBasedIntangibleAssetsMember 2018-01-31 0001524472
srt:MaximumMember xyl:PureTechnologiesLtdMember us-gaap:CustomerRelationshipsMember 2019-01-01
2019-03-31 0001524472 srt:MinimumMember xyl:PureTechnologiesLtdMember
us-gaap:SoftwareDevelopmentMember 2019-01-01 2019-03-31 0001524472 xyl:PureTechnologiesLtdMember
us-gaap:TradeNamesMember 2019-01-01 2019-03-31 0001524472 srt:MinimumMember
xyl:PureTechnologiesLtdMember us-gaap:CustomerRelationshipsMember 2019-01-01 2019-03-31 0001524472
srt:MaximumMember xyl:PureTechnologiesLtdMember us-gaap:TechnologyBasedIntangibleAssetsMember
2019-01-01 2019-03-31 0001524472 srt:MinimumMember xyl:PureTechnologiesLtdMember
us-gaap:TechnologyBasedIntangibleAssetsMember 2019-01-01 2019-03-31 0001524472
us-gaap:PublicUtilitiesInventoryWaterMember xyl:MeasurementandControlSolutionsMember 2018-01-01
2018-03-31 0001524472 xyl:TransportMember xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472
xyl:TestMember xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31 0001524472
xyl:ResidentialBuildingServicesMember xyl:AppliedWaterMember 2018-01-01 2018-03-31 0001524472
xyl:ResidentialBuildingServicesMember xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472
xyl:IndustrialWaterMember xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472
us-gaap:PublicUtilitiesInventoryWaterMember xyl:MeasurementandControlSolutionsMember 2019-01-01
2019-03-31 0001524472 xyl:SoftwareAndServicesOtherMember xyl:MeasurementandControlSolutionsMember
2018-01-01 2018-03-31 0001524472 xyl:CommercialBuildingServicesMember xyl:AppliedWaterMember
2018-01-01 2018-03-31 0001524472 xyl:ElectricMember xyl:MeasurementandControlSolutionsMember 2018-01-01
2018-03-31 0001524472 xyl:SoftwareAndServicesOtherMember xyl:MeasurementandControlSolutionsMember
2019-01-01 2019-03-31 0001524472 xyl:IndustrialWaterMember xyl:AppliedWaterMember 2018-01-01 2018-03-31
0001524472 xyl:CommercialBuildingServicesMember xyl:AppliedWaterMember 2019-01-01 2019-03-31
0001524472 xyl:TreatmentMember xyl:WaterInfrastructureMember 2018-01-01 2018-03-31 0001524472
xyl:TestMember xyl:MeasurementandControlSolutionsMember 2018-01-01 2018-03-31 0001524472
xyl:TransportMember xyl:WaterInfrastructureMember 2018-01-01 2018-03-31 0001524472 xyl:TreatmentMember
xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472 xyl:ElectricMember
xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31 0001524472
xyl:EmergingMarketsAndOtherMember xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31
0001524472 xyl:EmergingMarketsAndOtherMember xyl:WaterInfrastructureMember 2018-01-01 2018-03-31
0001524472 country:US xyl:MeasurementandControlSolutionsMember 2018-01-01 2018-03-31 0001524472
xyl:EmergingMarketsAndOtherMember xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472
srt:EuropeMember xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472 country:US
xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472 xyl:EmergingMarketsAndOtherMember
xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472 srt:EuropeMember xyl:AppliedWaterMember
2018-01-01 2018-03-31 0001524472 xyl:EmergingMarketsAndOtherMember
xyl:MeasurementandControlSolutionsMember 2018-01-01 2018-03-31 0001524472 country:US
xyl:AppliedWaterMember 2018-01-01 2018-03-31 0001524472 srt:EuropeMember
xyl:MeasurementandControlSolutionsMember 2018-01-01 2018-03-31 0001524472 srt:EuropeMember

Edgar Filing: Xylem Inc. - Form 10-Q

xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31 0001524472
xyl:EmergingMarketsAndOtherMember xyl:AppliedWaterMember 2018-01-01 2018-03-31 0001524472
srt:EuropeMember xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472 country:US
xyl:WaterInfrastructureMember 2018-01-01 2018-03-31 0001524472 country:US
xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31 0001524472 country:US
xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472 srt:EuropeMember
xyl:WaterInfrastructureMember 2018-01-01 2018-03-31 0001524472 xyl:RegionalSellingLocationMemberMember
2019-03-31 0001524472 us-gaap:CorporateMember 2018-03-31 0001524472 xyl:AppliedWaterMember 2019-03-31
0001524472 xyl:WaterInfrastructureMember 2018-03-31 0001524472 xyl:RegionalSellingLocationMemberMember
2018-03-31 0001524472 xyl:MeasurementandControlSolutionsMember 2018-03-31 0001524472
xyl:MeasurementandControlSolutionsMember 2019-03-31 0001524472 xyl:WaterInfrastructureMember 2019-03-31
0001524472 us-gaap:CorporateMember 2019-03-31 0001524472 xyl:AppliedWaterMember 2018-03-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember
xyl:MeasurementandControlSolutionsMember 2018-01-01 2018-12-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472
xyl:TwoThousandSeventeenRestructuringPlanMember 2019-03-31 0001524472
us-gaap:CorporateNonSegmentMember xyl:TwoThousandNineteenRestructuringPlanMember 2019-03-31
0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember
xyl:MeasurementandControlSolutionsMember 2019-03-31 0001524472 us-gaap:CorporateNonSegmentMember
xyl:TwoThousandSeventeenRestructuringPlanMember 2018-01-01 2018-12-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember
xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31 0001524472
xyl:TwoThousandNineteenRestructuringPlanMember 2019-03-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandNineteenRestructuringPlanMember xyl:MeasurementandControlSolutionsMember 2019-03-31
0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandNineteenRestructuringPlanMember
xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472 xyl:TwoThousandEighteenRestructuringPlanMember
2019-03-31 0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandNineteenRestructuringPlanMember
xyl:AppliedWaterMember 2019-03-31 0001524472 us-gaap:CorporateNonSegmentMember
xyl:TwoThousandEighteenRestructuringPlanMember 2019-03-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandSeventeenRestructuringPlanMember xyl:AppliedWaterMember 2018-01-01 2018-12-31
0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:AppliedWaterMember 2019-03-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandSeventeenRestructuringPlanMember xyl:MeasurementandControlSolutionsMember 2017-01-01
2017-12-31 0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember xyl:AppliedWaterMember
2019-03-31 0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember
xyl:AppliedWaterMember 2018-01-01 2018-12-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandSeventeenRestructuringPlanMember xyl:MeasurementandControlSolutionsMember 2018-01-01
2018-12-31 0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember
xyl:WaterInfrastructureMember 2018-01-01 2018-12-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandSeventeenRestructuringPlanMember xyl:WaterInfrastructureMember 2019-03-31 0001524472
us-gaap:CorporateNonSegmentMember xyl:TwoThousandEighteenRestructuringPlanMember 2018-01-01
2018-12-31 0001524472 us-gaap:CorporateNonSegmentMember
xyl:TwoThousandSeventeenRestructuringPlanMember 2019-01-01 2019-03-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472 xyl:TwoThousandEighteenRestructuringPlanMember
2018-01-01 2018-12-31 0001524472 us-gaap:CorporateNonSegmentMember
xyl:TwoThousandSeventeenRestructuringPlanMember 2017-01-01 2017-12-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember

Edgar Filing: Xylem Inc. - Form 10-Q

xyl:WaterInfrastructureMember 2019-03-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandNineteenRestructuringPlanMember xyl:WaterInfrastructureMember 2019-03-31 0001524472
xyl:TwoThousandNineteenRestructuringPlanMember 2019-01-01 2019-03-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:MeasurementandControlSolutionsMember 2019-03-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandNineteenRestructuringPlanMember xyl:MeasurementandControlSolutionsMember 2019-01-01
2019-03-31 0001524472 xyl:TwoThousandSeventeenRestructuringPlanMember 2017-01-01 2017-12-31 0001524472
xyl:TwoThousandEighteenRestructuringPlanMember 2019-01-01 2019-03-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:AppliedWaterMember 2017-01-01 2017-12-31 0001524472 us-gaap:CorporateNonSegmentMember
xyl:TwoThousandEighteenRestructuringPlanMember 2019-01-01 2019-03-31 0001524472
us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember xyl:AppliedWaterMember
2019-01-01 2019-03-31 0001524472 xyl:TwoThousandSeventeenRestructuringPlanMember 2019-01-01 2019-03-31
0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandEighteenRestructuringPlanMember
xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472 us-gaap:OperatingSegmentsMember
xyl:TwoThousandSeventeenRestructuringPlanMember xyl:WaterInfrastructureMember 2017-01-01 2017-12-31
0001524472 us-gaap:CorporateNonSegmentMember xyl:TwoThousandSeventeenRestructuringPlanMember
2019-03-31 0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandSeventeenRestructuringPlanMember
xyl:WaterInfrastructureMember 2018-01-01 2018-12-31 0001524472
xyl:TwoThousandSeventeenRestructuringPlanMember 2018-01-01 2018-12-31 0001524472
us-gaap:CorporateNonSegmentMember xyl:TwoThousandNineteenRestructuringPlanMember 2019-01-01
2019-03-31 0001524472 us-gaap:OperatingSegmentsMember xyl:TwoThousandNineteenRestructuringPlanMember
xyl:WaterInfrastructureMember 2019-01-01 2019-03-31 0001524472 xyl:MeasurementandControlSolutionsMember
2018-01-01 2018-03-31 0001524472 xyl:MeasurementandControlSolutionsMember 2019-01-01 2019-03-31
0001524472 xyl:AppliedWaterMember 2018-01-01 2018-03-31 0001524472 xyl:WaterInfrastructureMember
2019-01-01 2019-03-31 0001524472 xyl:WaterInfrastructureMember 2018-01-01 2018-03-31 0001524472
xyl:AppliedWaterMember 2019-01-01 2019-03-31 0001524472 us-gaap:ScenarioForecastMember 2019-01-01
2019-12-31 0001524472 us-gaap:PerformanceSharesMember 2019-01-01 2019-03-31 0001524472
us-gaap:RestrictedStockMember 2019-01-01 2019-03-31 0001524472 us-gaap:PerformanceSharesMember
2018-01-01 2018-03-31 0001524472 us-gaap:RestrictedStockMember 2018-01-01 2018-03-31 0001524472
us-gaap:EmployeeStockOptionMember 2019-01-01 2019-03-31 0001524472 us-gaap:EmployeeStockOptionMember
2018-01-01 2018-03-31 0001524472 us-gaap:EmployeeStockOptionMember 2018-01-01 2018-03-31 0001524472
us-gaap:EmployeeStockOptionMember 2019-01-01 2019-03-31 0001524472 us-gaap:RestrictedStockMember
2019-01-01 2019-03-31 0001524472 us-gaap:RestrictedStockMember 2018-01-01 2018-03-31 0001524472
us-gaap:EquipmentLeasedToOtherPartyMember 2019-01-01 2019-03-31 0001524472
us-gaap:UnclassifiedIndefinitelivedIntangibleAssetsMember 2019-03-31 0001524472
xyl:ProprietaryandPatentedTechnologyMember 2018-12-31 0001524472 us-gaap:CustomerRelationshipsMember
2019-03-31 0001524472 us-gaap:UnclassifiedIndefinitelivedIntangibleAssetsMember 2018-12-31 0001524472
us-gaap:OtherIntangibleAssetsMember 2019-03-31 0001524472 xyl:ProprietaryandPatentedTechnologyMember
2019-03-31 0001524472 us-gaap:TrademarksMember 2018-12-31 0001524472
us-gaap:SoftwareDevelopmentMember 2018-12-31 0001524472 us-gaap:TrademarksMember 2019-03-31
0001524472 us-gaap:OtherIntangibleAssetsMember 2018-12-31 0001524472 us-gaap:CustomerRelationshipsMember
2018-12-31 0001524472 us-gaap:SoftwareDevelopmentMember 2019-03-31 0001524472
xyl:WaterInfrastructureMember 2018-12-31 0001524472 xyl:AppliedWaterMember 2018-12-31 0001524472
xyl:MeasurementandControlSolutionsMember 2018-12-31 0001524472
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31
0001524472 xyl:SellCDNBuyEURMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31
0001524472 xyl:BuyKRSellEURMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001524472
xyl:SellGBPBuyEURMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001524472
xyl:SellEURBuyPLNMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472
us-gaap:LongTermDebtMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472

Edgar Filing: Xylem Inc. - Form 10-Q

us-gaap:ForeignExchangeContractMember 2019-03-31 0001524472 xyl:BuyUSDSellCDNMember
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001524472 xyl:BuyUSDSellCDNMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472 xyl:SellGBPBuyEURMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472 xyl:SellUSDBuyEURMember
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001524472
us-gaap:ForeignExchangeContractMember 2018-12-31 0001524472 xyl:SellEURBuyPLNMember
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001524472
xyl:SeniorNotesDueTwoThousandAndTwentyThreeMember 2019-03-31 0001524472 xyl:SellUSDBuyEURMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472
xyl:SeniorNotesDueTwoThousandAndTwentyThreeMember 2018-12-31 0001524472 xyl:SellCDNBuyEURMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472
xyl:SeniorNotesDueTwoThousandAndTwentyThreeMember us-gaap:SeniorNotesMember 2016-03-11 0001524472
xyl:BuyKRSellEURMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472
us-gaap:LongTermDebtMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001524472
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31
0001524472 us-gaap:CrossCurrencyInterestRateContractMember us-gaap:InterestExpenseMember 2019-01-01
2019-03-31 0001524472 us-gaap:ForeignExchangeContractMember
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31
0001524472 us-gaap:CrossCurrencyInterestRateContractMember us-gaap:InterestExpenseMember 2018-01-01
2018-03-31 0001524472 us-gaap:ForeignExchangeContractMember
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31
0001524472 us-gaap:ForeignExchangeContractMember us-gaap:OtherComprehensiveIncomeMember 2018-01-01
2018-03-31 0001524472 xyl:ForeignCurrencyDenominatedDebtMember
us-gaap:OtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001524472
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:OtherComprehensiveIncomeMember 2019-01-01
2019-03-31 0001524472 us-gaap:ForeignExchangeContractMember us-gaap:OtherComprehensiveIncomeMember
2019-01-01 2019-03-31 0001524472 us-gaap:CrossCurrencyInterestRateContractMember
us-gaap:OtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001524472
xyl:ForeignCurrencyDenominatedDebtMember us-gaap:OtherComprehensiveIncomeMember 2018-01-01 2018-03-31
0001524472 us-gaap:OtherLiabilitiesMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31
0001524472 us-gaap:OtherLiabilitiesMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31
0001524472 us-gaap:OtherCurrentAssetsMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31
0001524472 us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:DesignatedAsHedgingInstrumentMember
2019-03-31 0001524472 us-gaap:OtherCurrentAssetsMember us-gaap:DesignatedAsHedgingInstrumentMember
2019-03-31 0001524472 us-gaap:OtherNoncurrentLiabilitiesMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001524472 us-gaap:CommercialPaperMember
2019-03-31 0001524472 us-gaap:RevolvingCreditFacilityMember xyl:FiveYearRevolvingCreditFacility2019Member
2019-03-05 0001524472 xyl:SeniorNotesDueTwoThousandAndTwentyOneMember 2011-09-20 0001524472
xyl:SeniorNotesDueTwoThousandAndTwentyOneMember 2019-03-31 0001524472 us-gaap:LineOfCreditMember
2018-01-26 0001524472 us-gaap:RevolvingCreditFacilityMember xyl:SEBBankMember 2019-03-31 0001524472
xyl:SeniorNotesDueTwoThousandAndTwentyOneMember 2018-12-31 0001524472
us-gaap:RevolvingCreditFacilityMember xyl:FiveYearRevolvingCreditFacility2015Member 2015-03-27 0001524472
xyl:SeniorNotesDueTwoThousandTwentySixMember 2018-12-31 0001524472 us-gaap:LetterOfCreditMember
xyl:FiveYearRevolvingCreditFacility2015Member 2015-03-27 0001524472
xyl:SeniorNotesDueTwoThousandFortySixMember 2016-10-11 0001524472
xyl:SeniorNotesDueTwoThousandTwentySixMember 2019-03-31 0001524472 us-gaap:CommercialPaperMember
2019-01-01 2019-03-31 0001524472 xyl:SeniorNotesDueTwoThousandFortySixMember 2019-03-31 0001524472
us-gaap:CommercialPaperMember 2018-01-01 2018-12-31 0001524472 us-gaap:RevolvingCreditFacilityMember
xyl:SEBBankMember 2018-12-31 0001524472 xyl:SeniorNotesDueTwoThousandTwentySixMember 2016-10-11
0001524472 xyl:SeniorNotesDueTwoThousandFortySixMember 2018-12-31 0001524472
us-gaap:RevolvingCreditFacilityMember xyl:SEBBankMember 2016-10-31 0001524472

Edgar Filing: Xylem Inc. - Form 10-Q

us-gaap:SeniorNotesMember 2011-09-19 2011-09-20 0001524472 xyl:TermLoanMember 2019-03-31 0001524472
xyl:TermLoanMember 2018-12-31 0001524472 us-gaap:CommercialPaperMember 2018-12-31 0001524472
us-gaap:RevolvingCreditFacilityMember xyl:FiveYearRevolvingCreditFacility2015Member 2019-01-01 2019-03-31
0001524472 us-gaap:RevolvingCreditFacilityMember xyl:FiveYearRevolvingCreditFacility2019Member 2019-01-01
2019-03-31 0001524472 srt:MaximumMember 2019-03-31 0001524472 srt:MinimumMember 2019-03-31
0001524472 us-gaap:DomesticPlanMember 2018-01-01 2018-03-31 0001524472 us-gaap:ForeignPlanMember
2018-01-01 2018-03-31 0001524472 us-gaap:ForeignPlanMember 2019-01-01 2019-03-31 0001524472
us-gaap:DomesticPlanMember 2019-01-01 2019-03-31 0001524472
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001524472
us-gaap:RetainedEarningsMember 2018-01-01 2018-03-31 0001524472 us-gaap:RetainedEarningsMember
2017-12-31 0001524472 us-gaap:NoncontrollingInterestMember 2017-12-31 0001524472
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0001524472 us-gaap:TreasuryStockMember
2018-03-31 0001524472 us-gaap:CommonStockMember 2018-03-31 0001524472 us-gaap:TreasuryStockMember
2017-12-31 0001524472 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31
0001524472 us-gaap:AdditionalPaidInCapitalMember 2018-03-31 0001524472 us-gaap:TreasuryStockMember
2018-01-01 2018-03-31 0001524472 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-03-31 0001524472
us-gaap:CommonStockMember 2017-12-31 0001524472 us-gaap:AdditionalPaidInCapitalMember 2017-12-31
0001524472 us-gaap:NoncontrollingInterestMember 2018-03-31 0001524472 us-gaap:RetainedEarningsMember
2018-03-31 0001524472 us-gaap:TreasuryStockMember 2019-01-01 2019-03-31 0001524472
us-gaap:CommonStockMember 2018-12-31 0001524472 us-gaap:AdditionalPaidInCapitalMember 2018-12-31
0001524472 us-gaap:AdditionalPaidInCapitalMember 2019-01-01 2019-03-31 0001524472
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001524472
us-gaap:RetainedEarningsMember 2019-03-31 0001524472 us-gaap:NoncontrollingInterestMember 2019-03-31
0001524472 us-gaap:TreasuryStockMember 2018-12-31 0001524472 us-gaap:RetainedEarningsMember 2019-01-01
2019-03-31 0001524472 us-gaap:NoncontrollingInterestMember 2018-12-31 0001524472
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-31 0001524472 us-gaap:CommonStockMember
2019-03-31 0001524472 us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31 0001524472
us-gaap:TreasuryStockMember 2019-03-31 0001524472 us-gaap:AdditionalPaidInCapitalMember 2019-03-31
0001524472 us-gaap:RetainedEarningsMember 2018-12-31 0001524472
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001524472
us-gaap:PerformanceSharesMember xyl:TotalShareholderReturnPerformanceBasedSharesMember 2019-01-01
2019-03-31 0001524472 us-gaap:PerformanceSharesMember
xyl:TotalShareholderReturnPerformanceBasedSharesMember 2018-12-31 0001524472
us-gaap:PerformanceSharesMember xyl:TotalShareholderReturnPerformanceBasedSharesMember 2019-03-31
0001524472 us-gaap:PerformanceSharesMember xyl:ReturnonInvestedCapitalPerformanceBasedSharesMember
2018-12-31 0001524472 us-gaap:PerformanceSharesMember
xyl:ReturnonInvestedCapitalPerformanceBasedSharesMember 2019-01-01 2019-03-31 0001524472
us-gaap:PerformanceSharesMember xyl:ReturnonInvestedCapitalPerformanceBasedSharesMember 2019-03-31
0001524472 us-gaap:EmployeeStockOptionMember 2019-03-31 0001524472 2018-01-01 2018-12-31 0001524472
us-gaap:RestrictedStockMember 2019-03-31 0001524472 us-gaap:RestrictedStockMember 2018-12-31 0001524472
us-gaap:PerformanceSharesMember 2019-03-31 0001524472 us-gaap:PerformanceSharesMember 2019-01-01
2019-03-31 0001524472 xyl:TwoThousandfifteenStockRepurchaseProgramMember 2015-08-24 0001524472
xyl:ShareRepurchasePlansMember 2019-01-01 2019-03-31 0001524472
xyl:TwoThousandfifteenStockRepurchaseProgramMember 2018-01-01 2018-03-31 0001524472
xyl:TwoThousandfifteenStockRepurchaseProgramMember 2019-01-01 2019-03-31 0001524472
xyl:SettlementofEmployeeTaxWithholdingObligationsMember 2018-01-01 2018-03-31 0001524472
xyl:TwoThousandfifteenStockRepurchaseProgramMember 2019-03-31 0001524472
xyl:SettlementofEmployeeTaxWithholdingObligationsMember 2019-01-01 2019-03-31 0001524472
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-03-31 0001524472
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0001524472 us-gaap:SalesMember
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001524472

us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-03-31 0001524472
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-03-31 0001524472
us-gaap:AccumulatedTranslationAdjustmentMember 2018-03-31 0001524472 us-gaap:OtherExpenseMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-03-31 0001524472
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-03-31 0001524472
us-gaap:SalesMember us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember
2018-01-01 2018-03-31 0001524472
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-12-31 0001524472
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0001524472 us-gaap:OtherExpenseMember
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001524472
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2019-03-31 0001524472
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-12-31 0001524472
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2019-01-01 2019-03-31
0001524472 us-gaap:AccumulatedTranslationAdjustmentMember 2019-03-31 0001524472 us-gaap:SalesMember
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2019-01-01 2019-03-31
0001524472 us-gaap:OtherExpenseMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01
2019-03-31 0001524472 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2019-01-01 2019-03-31
0001524472 us-gaap:AccumulatedTranslationAdjustmentMember 2019-01-01 2019-03-31 0001524472
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-12-31 0001524472 us-gaap:CostOfSalesMember
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2019-01-01 2019-03-31
0001524472 us-gaap:OtherExpenseMember us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember
2019-01-01 2019-03-31 0001524472 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2019-03-31
0001524472 us-gaap:AccumulatedTranslationAdjustmentMember 2018-12-31 0001524472
us-gaap:CostOfSalesMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31
0001524472 us-gaap:SalesMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01
2019-03-31 0001524472 us-gaap:CorporateAndOtherMember 2019-01-01 2019-03-31 0001524472
xyl:RegionalSellingLocationMemberMember 2019-01-01 2019-03-31 0001524472
us-gaap:CorporateAndOtherMember 2018-01-01 2018-03-31 0001524472
xyl:RegionalSellingLocationMemberMember 2018-01-01 2018-03-31 xyl:employee iso4217:USD iso4217:EUR
xbrli:shares iso4217:USD xbrli:shares xbrli:pure xyl:Segment

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended March 31, 2019

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the transition period from to

Commission file number: 1-35229

Xylem Inc.

(Exact name of registrant as specified in its charter)

Indiana

45-2080495

(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)

organization)

1 International Drive, Rye Brook, NY 10573

(Address of principal executive offices) (Zip code)

(914) 323-5700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange of which registered</u>
Common Stock, par value \$0.01 per share	XYL	New York Stock Exchange
2.250% Senior Notes due 2023	XYL23	New York Stock Exchange

As of April 26, 2019, there were 179,933,009 outstanding shares of the registrant's common stock, par value \$0.01 per share.

Xylem Inc.

Table of Contents

ITEM	PAGE
PART I – Financial Information	
Item 1 - <u>Condensed Consolidated Financial Statements:</u>	
<u>Condensed Consolidated Income Statements for the Three Months Ended March 31, 2019 and 2018 (Unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2019 and 2018 (Unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018 (Unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2019 and 2018 (Unaudited)</u>	<u>6</u>
<u>Notes to the Condensed Consolidated Financial Statements (Unaudited)</u>	<u>7</u>
Item 2 - <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32</u>
Item 3 - <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>46</u>
Item 4 - <u>Controls and Procedures</u>	<u>46</u>
PART II – Other Information	
Item 1 - <u>Legal Proceedings</u>	<u>47</u>
Item 1A- <u>Risk Factors</u>	<u>47</u>
Item 2 - <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>47</u>
Item 3 - <u>Defaults Upon Senior Securities</u>	<u>47</u>
Item 4 - <u>Mine Safety Disclosures</u>	<u>47</u>
Item 5 - <u>Other Information</u>	<u>47</u>
Item 6 - <u>Exhibits</u>	<u>47</u>
<u>Signatures</u>	<u>49</u>

PART I**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****XYLEM INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)**

(in millions, except per share data)

For the three months ended March 31,	2019	2018
Revenue	\$1,237	\$1,217
Cost of revenue	763	757
Gross profit	474	460
Selling, general and administrative expenses	303	296
Research and development expenses	51	41
Restructuring and asset impairment charges	11	10
Operating income	109	113
Interest expense	18	21
Other non-operating income, net	2	3
Gain from sale of business	1	—
Income before taxes	94	95
Income tax expense	15	16
Net income	\$79	\$79
Earnings per share:		
Basic	\$0.44	\$0.44
Diluted	\$0.43	\$0.43
Weighted average number of shares:		
Basic	179.7	179.9
Diluted	181.1	181.4

See accompanying notes to condensed consolidated financial statements.

XYLEM INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**

(in millions)

For the three months ended March 31,	2019	2018
Net income	\$79	\$79
Other comprehensive income, before tax:		
Foreign currency translation adjustment	29	8
Net change in derivative hedge agreements:		
Unrealized loss	(9)	—
Amount of loss (gain) reclassified into net income	2	(1)
Net change in postretirement benefit plans:		
Amortization of prior service credit	(1)	(1)
Amortization of net actuarial loss into net income	3	3
Settlement/Curtailment	—	1
Other comprehensive income, before tax	24	10
Income tax expense (benefit) related to items of other comprehensive income	4	(10)
Other comprehensive income, net of tax	20	20
Comprehensive income	\$99	\$99

See accompanying notes to condensed consolidated financial statements.

XYLEM INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in millions, except per share amounts)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 275	\$ 296
Receivables, less allowances for discounts and doubtful accounts of \$28 and \$35 in 2019 and 2018, respectively	1,020	1,031
Inventories	617	595
Prepaid and other current assets	169	172
Total current assets	2,081	2,094
Property, plant and equipment, net	653	656
Goodwill	2,988	2,976
Other intangible assets, net	1,219	1,232
Other non-current assets	527	264
Total assets	\$ 7,468	\$ 7,222
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 548	\$ 586
Accrued and other current liabilities	589	546
Short-term borrowings and current maturities of long-term debt	304	257
Total current liabilities	1,441	1,389
Long-term debt	2,044	2,051
Accrued postretirement benefits	394	400
Deferred income tax liabilities	312	303
Other non-current accrued liabilities	469	297
Total liabilities	4,660	4,440
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Common Stock – par value \$0.01 per share:		
Authorized 750.0 shares, issued 193.6 shares and 192.9 shares in 2019 and 2018, respectively	2	2
Capital in excess of par value	1,962	1,950
Retained earnings	1,674	1,639
Treasury stock – at cost 13.7 shares and 13.2 shares in 2019 and 2018, respectively	(526)	(487)
Accumulated other comprehensive loss	(316)	(336)
Total stockholders' equity	2,796	2,768
Non-controlling interests	12	14
Total equity	2,808	2,782
Total liabilities and stockholders' equity	\$ 7,468	\$ 7,222

See accompanying notes to condensed consolidated financial statements.

XYLEM INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

(in millions)

For the three months ended March 31,	2019	2018
Operating Activities		
Net income	\$79	\$79
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	29	29
Amortization	35	38
Share-based compensation	9	9
Restructuring and asset impairment charges	11	10
Gain from sale of business	(1)	—
Other, net	1	(4)
Payments for restructuring	(4)	(5)
Changes in assets and liabilities (net of acquisitions):		
Changes in receivables	7	(9)
Changes in inventories	(25)	(40)
Changes in accounts payable	(17)	6
Other, net	(41)	(50)
Net Cash – Operating activities	83	63
Investing Activities		
Capital expenditures	(69)	(61)
Acquisitions of businesses, net of cash acquired	(5)	(430)
Other, net	(3)	—
Net Cash – Investing activities	(77)	(491)
Financing Activities		
Short-term debt issued, net	50	371
Repurchase of common stock	(39)	(33)
Proceeds from exercise of employee stock options	4	3
Dividends paid	(44)	(38)
Other, net	—	(1)
Net Cash – Financing activities	(29)	302
Effect of exchange rate changes on cash	2	9
Net change in cash and cash equivalents	(21)	(117)
Cash and cash equivalents at beginning of year	296	414
Cash and cash equivalents at end of period	\$275	\$297
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$13	\$14
Income taxes (net of refunds received)	\$18	\$17

See accompanying notes to condensed consolidated financial statements.

XYLEM INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Background and Basis of Presentation

Background

Xylem Inc. ("Xylem" or the "Company") is a leading equipment and service provider for water and wastewater applications with a broad portfolio of products and services addressing the full cycle of water, from collection, distribution and use to the return of water to the environment.

Xylem operates in three segments, Water Infrastructure, Applied Water and Measurement & Control Solutions. See Note 20, "Segment Information" to the condensed consolidated financial statements for further segment background information.

Except as otherwise indicated or unless the context otherwise requires, "Xylem," "we," "us," "our" and the "Company" refer to Xylem Inc. and its subsidiaries.

Basis of Presentation

The interim condensed consolidated financial statements reflect our financial position and results of operations in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany transactions between our businesses have been eliminated.

The unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) considered necessary for a fair presentation of the financial position and results of operations for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such SEC rules. We believe that the disclosures made are adequate to make the information presented not misleading. We consistently applied the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2018 ("2018 Annual Report") in preparing these unaudited condensed consolidated financial statements, with the exception of accounting standard updates described in Note 2. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes included in our 2018 Annual Report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are revised as additional information becomes available. Estimates and assumptions are used for, but not limited to, postretirement obligations and assets, revenue recognition, income tax contingency accruals and valuation allowances, goodwill and indefinite lived intangible impairment testing and contingent liabilities. Actual results could differ from these estimates. Our quarterly financial periods end on the Saturday closest to the last day of the calendar quarter, except for the fourth quarter which ends on December 31. For ease of presentation, the condensed consolidated financial statements included herein are described as ending on the last day of the calendar quarter.

Note 2. Recently Issued Accounting Pronouncements

Pronouncements Not Yet Adopted

In August 2018, the Financial Accounting Standards Board ("FASB") issued guidance regarding the accounting for implementation costs of a hosting arrangement that is a service contract. The guidance establishes the requirement to capitalize certain implementation costs incurred in a hosting arrangement that is a service contract, effectively aligning with the requirement to capitalize certain implementation costs incurred to develop or obtain internal-use software. This guidance is effective for interim and annual periods beginning after December 15, 2019 with early adoption permitted. The requirements of the amended guidance may be applied using either a retrospective or prospective approach. We are evaluating the impact of the guidance on our financial condition and results of operations.

In June 2016, the FASB issued guidance amending the accounting for the impairment of financial instruments, including trade receivables. Under current guidance, credit losses are recognized when the applicable losses are probable of occurring and this assessment is based on past events and current conditions. The amended guidance eliminates the “probable” threshold and requires an entity to use a broader range of information, including forecast information when estimating expected credit losses. Generally, this should result in a more timely recognition of credit losses. This guidance is effective for interim and annual periods beginning after December 15, 2019 with early adoption permitted for interim and annual periods beginning after December 15, 2018. The requirements of the amended guidance should be applied using a modified retrospective approach except for debt securities, which require a prospective transition approach. We are evaluating the impact of the guidance on our financial condition and results of operations.

Recently Adopted Pronouncements

In February 2016, the FASB issued guidance amending the accounting for leases. Specifically, the amended guidance requires all lessees to record a lease liability at lease inception, with a corresponding right of use (“ROU”) asset, except for short-term leases. Lessor accounting is not fundamentally changed. This amended guidance is effective for interim and annual periods beginning after December 15, 2018 using a modified retrospective approach. Early adoption was permitted. We adopted this guidance as of January 1, 2019 using the modified retrospective approach whereby prior comparative periods were not retrospectively restated in the condensed consolidated financial statements. The adoption of the standard resulted in the recognition of ROU assets and lease liabilities of \$267 million and \$265 million, respectively, as well as deferred tax assets and deferred tax liabilities of \$68 million, as of January 1, 2019, the date of initial application. The guidance did not have a material impact on our Condensed Consolidated Income Statements and Statements of Cash Flow. See Note 9, “Leases” for further details.

Note 3. Acquisitions and Divestitures

2019 Acquisitions

During the three months ended March 31, 2019 we spent approximately \$5 million net of cash received on acquisition activity.

2018 Acquisitions and Divestitures

Pure Technologies Ltd.

On January 31, 2018, we acquired all the issued and outstanding shares of Pure Technologies Ltd. (“Pure”), a leader in intelligent leak detection and condition assessment solutions for water distribution networks for approximately \$420 million, net of cash received. Acquisition costs of \$4 million were reflected as a component of selling, general and administrative expenses in our Condensed Consolidated Income Statement.

Pure’s results of operations were consolidated with the Company effective February 1, 2018 and are reflected in the Measurement & Control Solutions segment.

The Pure purchase price allocation as of January 31, 2018 is shown in the following table:

(in millions)	<u>Amount</u>
Cash	\$ 14
Receivables	23
Inventories	4
Prepaid and other current assets	2
Property, plant and equipment	22
Intangible assets	149
Other long-term assets	1
Accounts payable	(3)
Accrued and other current liabilities	(12)
Deferred income tax liabilities	(25)
Other non-current accrued liabilities	(2)
Total identifiable net assets	173
Goodwill	261
Total consideration	\$ 434

The fair values of Pure's assets and liabilities were determined based on estimates and assumptions which management believes are reasonable.

Goodwill arising from the acquisition consists largely of synergies and economies of scale expected from combining the operations of Pure and Xylem. All of the goodwill was assigned to the Measurement & Control Solutions segment and is not deductible for tax purposes.

The estimate of the fair value of Pure identifiable intangible assets was determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows either through the use of the multi-period excess earnings method or the relief-from-royalty method. Some of the more significant assumptions inherent in the development of intangible asset values include: the amount and timing of projected future cash flows, the discount rate selected to measure the risks inherent in the future cash flows, the assessment of the intangible asset's life cycle, as well as other factors. The following table summarizes key information underlying identifiable intangible assets related to the Pure acquisition:

Category	Life	Amount (in millions)
Customer Relationships	17 - 18 years	\$ 84
Technology	3 - 10 years	38
Tradenames	20 years	21
Internally Developed Software	3 years	6
Total		\$ 149

The following table summarizes, on an unaudited pro forma basis, the condensed combined results of operations of the Company for the three month period ended March 31, 2018 assuming the acquisition of Pure was made on January 1, 2017:

**(in millions) Three
Months**

	Ended March 31, 2018
Revenue	\$ 1,222
Net income	\$ 76

The foregoing unaudited pro forma results are for informational purposes only and are not necessarily indicative of the actual results of operations that might have occurred had the acquisition occurred on January 1, 2017, nor are they necessarily indicative of future results. The pro forma financial information includes the impact of purchase accounting and other nonrecurring items directly attributable to the acquisition, which include:

- Amortization expense of acquired intangibles
- Adjustments to the depreciation of property, plant and equipment reflecting the impact of the calculated fair value of those assets in accordance with purchase accounting
- Adjustments to interest expense to remove historical Pure interest costs and reflect Xylem's current debt profile
- The related tax impact of the above referenced adjustments

The pro forma results do not include any cost savings or operational synergies that may be generated or realized due to the acquisition of Pure.

For the two month period ended March 31, 2018 Pure had revenue and operating loss of \$16 million and \$3 million, respectively.

Other Acquisition Activity

During the three months ended March 31, 2018 we also spent approximately \$10 million net of cash received on other acquisition activity.

Note 4. Revenue

Disaggregation of Revenue

The following table illustrates the sources of revenue:

	Three Months Ended March 31,	
	2019	2018
(in millions)		
Revenue from contracts with customers	\$1,178	\$1,162
Lease Revenue	59	55
Total	\$1,237	\$1,217

The following table reflects revenue from contracts with customers by application:

(in millions)	Three Months Ended March 31,	
	2019	2018
<i>Water Infrastructure</i>		
Transport	\$346	\$347
Treatment	77	78
<i>Applied Water</i>		
Commercial Building Services	154	137
Residential Building Services	59	57
Industrial Water	166	172
<i>Measurement and Control Solutions</i>		
Water	199	172
Energy	73	80
Software as a Service/Other	24	34
Test	80	85
Total	\$1,178	\$1,162

The following table reflects revenue from contracts with customers by geographical region:

(in millions)	Three Months Ended March 31,	
	2019	2018
<i>Water Infrastructure</i>		
United States	\$133	\$113
Europe	160	177
Emerging Markets & Other	130	135
<i>Applied Water</i>		
United States	201	188
Europe	94	98
Emerging Markets & Other	84	80
<i>Measurement and Control Solutions</i>		
United States	236	206
Europe	72	84
Emerging Markets & Other	68	81
Total	\$1,178	\$1,162

Contract Balances

We receive payments from customers based on a billing schedule as established in our contracts. Contract assets relate to costs incurred to perform in advance of scheduled billings. Contract liabilities relate to payments received in advance of performance under the contracts. Change in contract assets and liabilities are due to our performance under the contract.

The table below provides contract assets, contract liabilities, and significant changes in contract assets and liabilities:

(in millions)	Contract Assets (a)	Contract Liabilities
Balance at January 1, 2018	\$89	\$ 107
Additions, net	38	56
Revenue recognized from opening balance	—	(54)
Billings	(34)	—
Other	1	1
Balance at March 31, 2018	\$94	\$ 110
Balance at January 1, 2019	\$96	\$ 113
Additions, net	39	46
Revenue recognized from opening balance	—	(45)
Billings	(32)	—
Other	11	2
Balance at March 31, 2019	\$114	\$ 116

(a) Excludes receivable balances which are disclosed on the balance sheet

Performance obligations

Delivery schedules vary from customer to customer based upon their requirements. Typically, large projects require longer lead production cycles and delays can occur from time to time. As of March 31, 2019, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied for contracts with performance obligations, amount to \$314 million. We expect to recognize revenue upon the completion of satisfying these performance obligations in the following 60 months. The Company elects to apply the practical expedient to exclude from this disclosure revenue related to performance obligations that are part of a contract whose original expected duration is less than one year.

Note 5. Restructuring Charges

From time to time, the Company will incur costs related to restructuring actions in order to optimize our cost base and more strategically position ourselves based on the economic environment and customer demand. During the three months ended March 31, 2019, we recognized restructuring charges of \$8 million. We incurred these charges primarily as a continuation of our efforts to reposition our European and North American businesses to optimize our cost structure and improve our operational efficiency and effectiveness. The charges included the reduction of headcount and consolidation of facilities within our Measurement & Control Solutions and Water Infrastructure segments.

During the three months ended March 31, 2018, we recognized restructuring charges of \$10 million. We incurred these charges primarily as a continuation of our efforts to reposition our European and North American businesses to optimize our cost structure and improve our operational efficiency and effectiveness. The charges included the reduction of headcount and consolidation of facilities within our Measurement & Control Solutions and Water Infrastructure segments, as well as headcount reductions within our Applied Water segment.

The following table presents the components of restructuring expense and asset impairment charges:

(in millions)	Three Months Ended March 31,	
	2019	2018
By component:		
Severance and other charges	\$7	\$9
Lease related charges	1	1
Total restructuring charges	\$8	\$10
Asset impairment	3	—
Total restructuring and asset impairment charges	\$11	\$10
By segment:		
Water Infrastructure	\$4	\$3
Applied Water	—	1
Measurement & Control Solutions	7	6

The following table displays a rollforward of the restructuring accruals, presented on our Condensed Consolidated Balance Sheets within accrued and other current liabilities, for the three months ended March 31, 2019 and 2018:

(in millions)	2019	2018
Restructuring accruals - January 1	\$ 5	\$ 7
Restructuring charges	8	