Carrier

Q4 2023 EARNINGS CONFERENCE CALL

February 6, 2024

Cautionary Statement

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. These forward-looking statements are intended to provide management's current expectations or plans for Carrier's 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," "confident," "scenario" 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 revised outlook and guidance, future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, Carrier's plans with respect to its indebtedness and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see Carrier's reports on Forms 10-K, 10-Q and 8-K filed with or furnished to the U.S. Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and Carrier assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Q4 2023 Summary

Sales	$5,102M *Organic* +0% Y/Y*
Adjusted Operating Profit*	$557M *+8% Y/Y*
Adjusted EPS*	$0.53 *+33% Y/Y*
Free Cash Flow*	$829M

Highlights

Commercial HVAC and Refrigeration sales up HSD organically

Weaker than expected North America residential HVAC sales as distributors reduced inventory levels

Third consecutive year of double-digit aftermarket growth

80 bps of adjusted operating margin expansion

Strong price/cost and productivity performance

Better than expected free cash flow performance

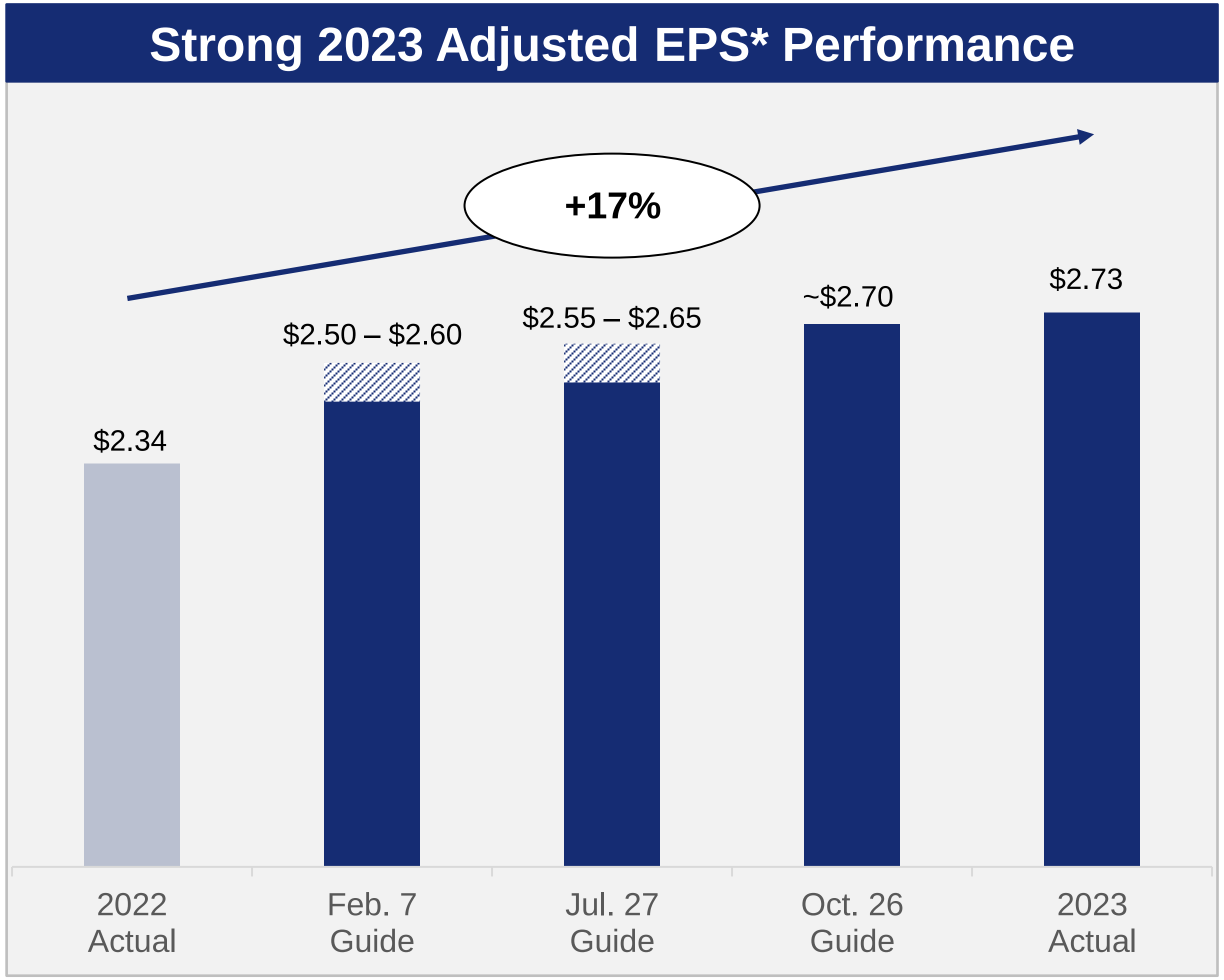
Strong earnings and free cash flow performance

Carrier

*See appendix for additional information regarding non-GAAP measures

2023 – Strong Financial Performance

	2/7/23 Guidance	10/26/23 Guidance	FY 2023 Results	
Sales	~$22B	Over $22B	$22.1B	✓
Adjusted Op. Margin*	~14% *Includes ~50bps negative impact from TCC*	~14.5% *Includes ~50bps negative impact from TCC*	14.5% *Includes ~50bps negative impact from TCC*	✓
Free Cash Flow*	~$1.9B	Over $1.9B	$2.1B	✓

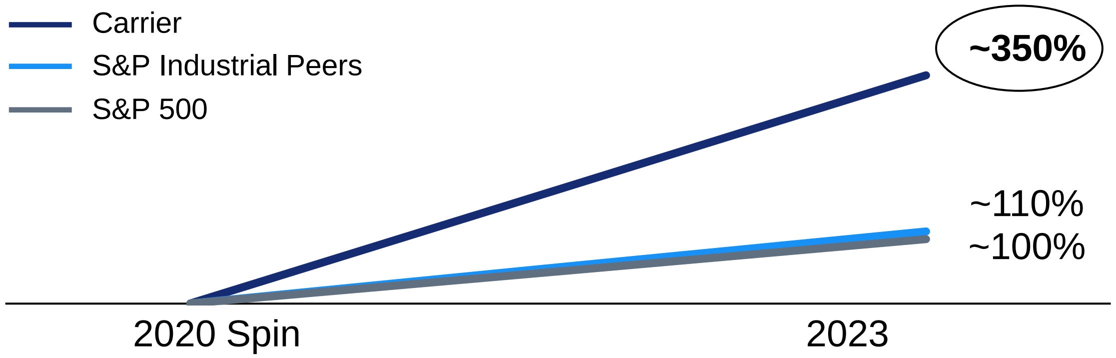


Performing while transforming

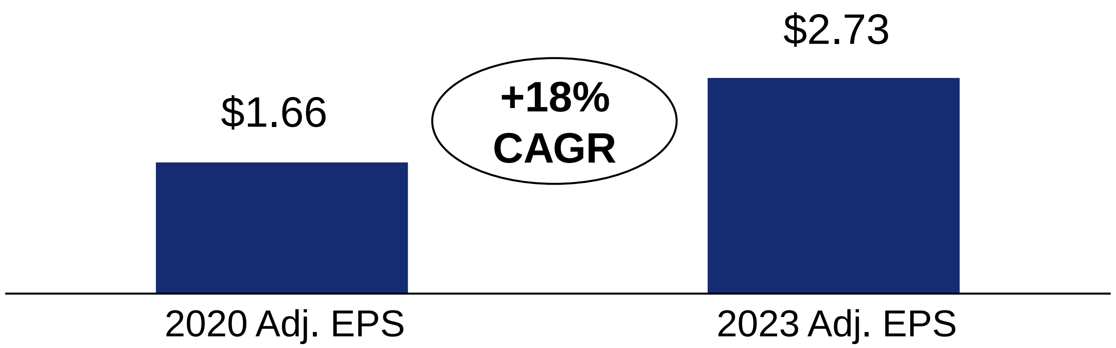
*See appendix for additional information regarding non-GAAP measures

Differentiated Shareholder Returns

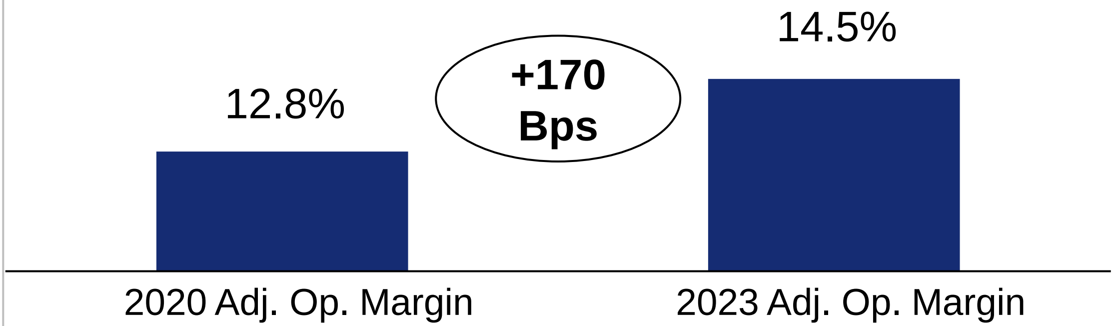
Total Shareholder Return (TSR)



Adjusted Earnings Per Share



Adjusted Operating Margins



A New Carrier

- ✓ Mission clarity focused on sustainability
- ✓ Performance culture
- ✓ Simplified business
- ✓ Portfolio Transformation
- ✓ Growth orientation
- ✓ Increased recurring revenues
- ✓ Disciplined capital allocation

Differentiated Performance Since Spin; Foundation Laid For Next Level Of Value Creation

Carrier

Global Leader in Intelligent Climate and Energy Solutions

New Products

Automated Logic WebCTRL enhanced weather forecasting add-on

- Predictive control strategies to optimize energy efficiency

Viessmann Vitocal premium heat pump system

- The most versatile low GWP refrigerant air-to-water heat pump offering in North America.

Toshiba Carrier VRF heat recovery unit

- Meets the needs of extremely warm and extremely cold climates, down to -22F
- Able to recover and reuse energy between different zones with high-efficiency

Differentiated Sustainability Outcomes

European commercial heat pumps up ~25% in 2023

N.A. residential heat pump sales constitute ~40% of total split system sales

Electric reefer sales continue to gain traction in Europe, up over 70% Y/Y in 2023

Abound Net Zero Management won the FacilitiesNet Vision Award in the Analytics and Management Software category

Sustainability Commitments on Track

On-track for 1 Gigaton commitment, over 270M metric tons of greenhouse gas emissions avoided

Carbon neutral operations by 2030

Working to achieve Science Based Targets

Published detailed roadmap to Net Zero greenhouse gas emissions by 2050

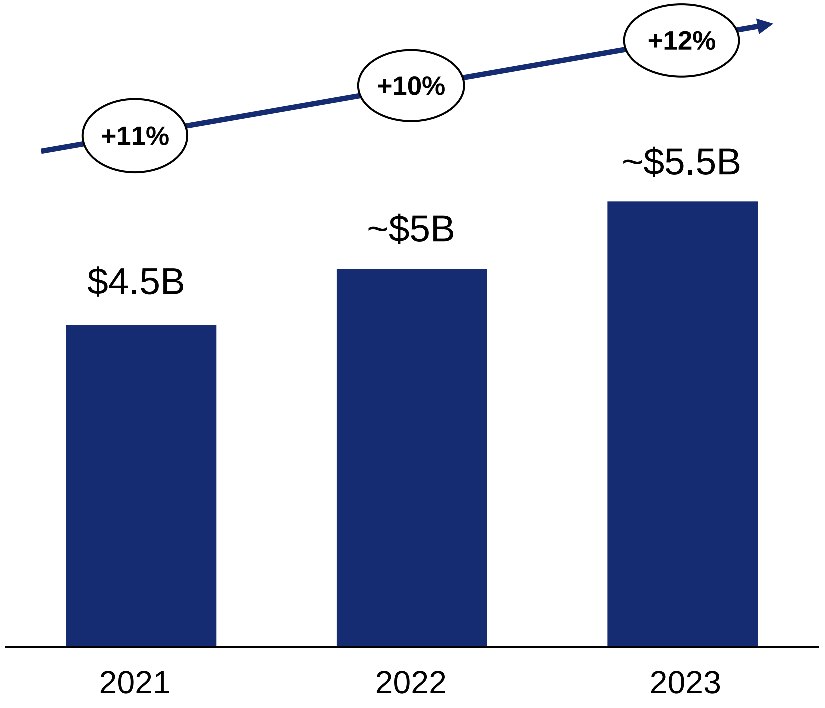
Joined the Corporate Coalition for Innovation & Technology towards Net Zero

Differentiated sustainable solutions to drive long-term growth

*Cumulative totals from 2020 through 2022

Digitally-Enabled Lifecycle Solutions

Aftermarket Sales Results



Aftermarket Highlights

Double-digit aftermarket growth in Q4

Third consecutive year of double-digit aftermarket growth

Significant Abound wins closed in Q4 with major global scale customers

Connected ~30k chillers; ~75k chillers under LTA

Increased attachment rate to ~45%, nearly double historical average

~100k Lynx subscriptions sold in 2023

Third consecutive year of double-digit aftermarket growth

Carrier

Viessmann Climate Solutions: Transformational Combination

Day 1

- ✓ Successfully closed the Viessmann Climate Solutions acquisition on January 2, 2024
- ✓ Welcomed the ~12,000 Viessmann Climate Solutions team members

Viessmann Value Creation

Thomas Heim leads Carrier EMEA residential & light commercial HVAC

2024: forecasting MSD sales growth (from approximately $4.2B in 2023), with high-teens adjusted EBITDA* margins

Iconic brands sold through an unmatched channel

Identifying significant revenue synergies; cost synergies in excess of $200M by year 3; leveraging the Toshiba Carrier playbook

Launching key new products for the European and North American markets

Unambiguous megatrends in climate and energy to drive long-term growth

German legislation (including subsidies) approved January 15, 2024

Best company in the important European residential heating market

Carrier

*See appendix for additional information regarding non-GAAP measures

Business Exits Tracking to Plan

Transaction	Type	Gross Proceeds
✓ Security	Sale	~$5.0B
✓ Commercial Refrigeration	Sale	~$0.8B
Industrial Fire	Sale	TBD
Residential and Commercial Fire	Sale or Spin	TBD

Highlights
Definitive agreements signed for Security and Commercial Refrigeration with strong progress on Industrial Fire
~$4.5B of total net proceeds from already executed agreements to be used for debt paydown
On-track for exits throughout 2024
Path to ~2x net leverage by end of 2024

Significant progress made; team achieving key priorities

Carrier

2024 Guidance

	2024 Guidance**	Highlights / Assumptions
Sales	~$26.5B Organic* up MSD *FX 0%* *Acquisitions +20%* *Divestitures (5%)*	Full-year of Viessmann Climate Solutions Security and Commercial Refrigeration contributing six months
Adjusted Operating Margin*	15.0 - 15.5%	Mid-single digit organic growth Double-digit aftermarket growth
Adjusted EPS*	$2.80 - $2.90	2-3% gross productivity drives 30%+ core conversion Over 50 basis points of margin expansion
Free Cash Flow*	~$0.7B *Includes $1.7B of tax payments on the gains from the announced business exits, restructuring, and transaction-related costs*	Strong free cash flow offset by transactions-related taxes and fees

Performing while transforming

*See appendix for additional information regarding non-GAAP measures
**As of February 6, 2024

Q4 2023 Results

	Q4 2023	Q4 2022	Y/Y
Sales	$5,102M	$5,105M	0%
Organic sales*			0%
Acquisitions / Divestitures, net			(1%)
FX			1%
Adjusted operating profit*	$557M	$516M	8%
Adjusted operating margin*	10.9%	10.1%	80 bps
Adjusted effective tax rate*	10.5%	24.3%	
Adjusted EPS*	$0.53	$0.40	
Free cash flow*	$829M	$983M	

*See appendix for additional information regarding non-GAAP measures

Q4 2023 HVAC Results

	Q4 2023	Y/Y
Sales	$3,293M	(1%)
Organic sales*		(1%)
Acquisitions / divestitures, net		(1%)
FX		1%
Adjusted operating profit*	$397M	25%
Adjusted operating margin*	12.1%	250 bps

Three Carrier heat pumps (Carrier 30RQP400R) are installed in the famous Allianz Arena, home ground of the soccer club FC Bayern Munich, which are responsible for heating the pitch. In addition, a Viessmann boiler (Vitoplex 200) serves as a backup for unforeseen energy peaks. Carrier's Viessmann Climate Solutions is the Official Climate Partner of FC Bayern Munich.

Highlights

North America Residential HVAC sales down High-Teens

North America Light Commercial HVAC sales up ~20%

Commercial HVAC sales up HSD

Another quarter of aftermarket growth up LDD

Significant HVAC margin expansion driven by price/cost and productivity

*See appendix for additional information regarding non-GAAP measures

Q4 2023 Refrigeration Results

	Q4 2023	Y/Y
Sales	$1,024M	9%
Organic sales*		6%
FX		3%
Adjusted operating profit*	$108M	(5%)
Adjusted operating margin*	10.5%	(160) bps

The Biocoop network of organic food stores throughout France, has chosen engineless Eco-Drive technology and Syberia 11 transport refrigeration units from Carrier Transicold. The combination of Eco-Drive hydroelectric technology and the Syberia 11 refrigeration unit eliminates the need for an internal combustion engine. This significantly reduces pollutant emissions, maintenance costs and noise levels.

Highlights

As expected, returned to year-over-year organic growth

Container sales up ~60%

Global Truck & Trailer sales up LSD

Sensitech up HSD

Commercial Refrigeration sales down HSD

Continued strong momentum for electric transport units

*See appendix for additional information regarding non-GAAP measures

Q4 2023 Fire & Security Results

	Q4 2023	Y/Y
Sales	$909M	(5%)
Organic sales*		(1%)
FX		1%
Deconsolidation of KFI		(5%)
Adjusted operating profit*	$129M	(7%)
Adjusted operating margin*	14.2%	(30) bps

Highlights

Industrial Fire up high-teens

Commercial and Residential Fire down LSD

Security down DD versus +40% prior year

Strong price/cost and productivity offset by volume/mix and FX

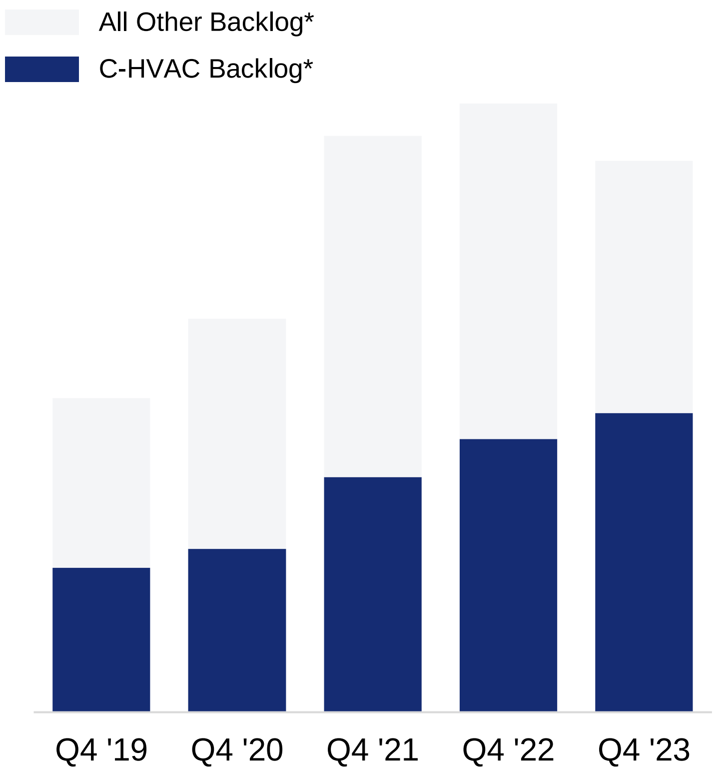
KIDDE

Kidde launches first subscription service within the Advanced Home Health Mobile App, focused on key home and health issues with valuable insights and recommendations to manage mold risk with a weekly home health report.

*See appendix for additional information regarding non-GAAP measures

Organic Order Trends

Backlog Trend*



C-HVAC backlog up ~30% on 2-yr stack

Orders by Key Business Line	Q4 2023 (Y/Y)
HVAC**	0% - 5%
Residential & Light Commercial	*~(10%)*
*Commercial HVAC***	*~5%*
Refrigeration	~(20%)
Transport Refrigeration	*~(30%)*
Commercial Refrigeration	*0% - 5%*
Fire & Security	(5%) – 0%
Total Carrier**	*(5%) – 0%*

Orders by Geography	Q4 2023 (Y/Y)
Americas**	(20%) - (15%)
EMEA	~10%
China	~20%
Asia excluding China	~25%

Total Carrier orders up MSD excluding very difficult comparison in North America Truck & Trailer

*Excludes NORESCO, Chubb and Toshiba Carrier
**Excludes NORESCO

2024 Guidance

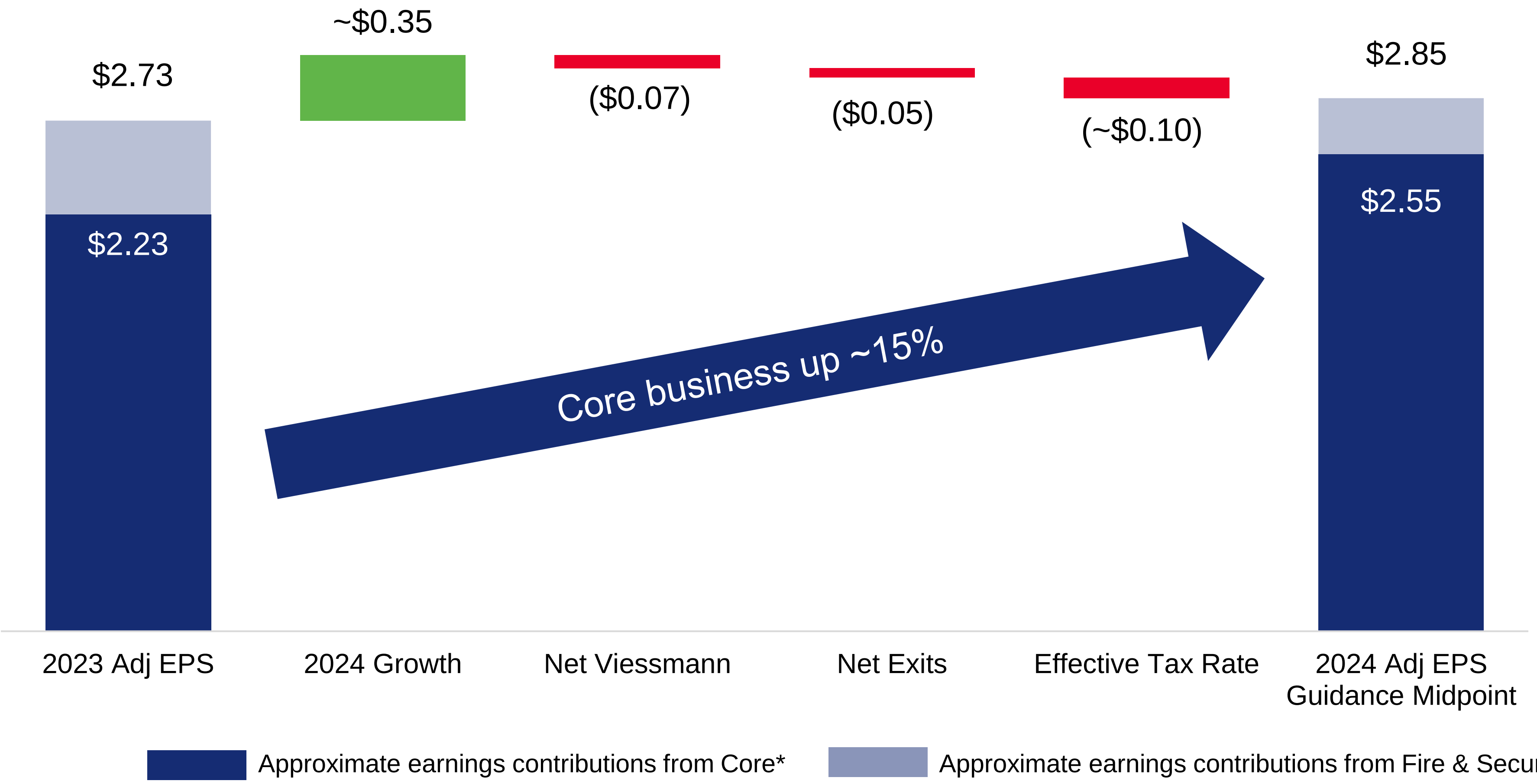
	Total Company**
Sales	~$26.5B Organic* up ~MSD *FX 0%* *Acquisitions up 20%* *Divestitures (5%)*
Adjusted Operating Margin*	15.0% - 15.5% *Up > 50bps*
Adjusted EPS*	$2.80 - $2.90
Free Cash Flow*	~$0.7B *Includes $1.7B of tax payments on the gains from the announced business exits, restructuring, and transaction-related costs*

Segment Sales	
HVAC	Organic* up MSD *Reported up ~35%*
Refrigeration	Organic* up MSD *Reported down Mid-Teens*
Fire & Security	Organic* up MSD *Reported down Low Double-Digits*

Segment Adjusted Operating Margin*	
HVAC	~17%
Refrigeration	~13%
Fire & Security	~14%

*See appendix for additional information regarding non-GAAP measures
**As of February 6, 2024

2024 Adjusted EPS Guidance Bridge



Net Viessmann	
Earnings	~$0.60
Interest	(~$0.45)
Share dilution	(~$0.20)
Net Impact	**(~$0.07)**

Net Exits (Half Year)	
Earnings divested	~($0.20)
Interest savings	$0.15
Net Impact	**(~$0.05)**

Net proceeds from Industrial Fire and Commercial and Residential Fire to help offset dilution of exits in 2025
*Core includes the Carrier businesses that will be retained plus Viessmann Climate Solutions.

Summary

Strong 2023 financial results

Projecting another strong year in 2024

Portfolio transformation well underway

Path to ~2x net leverage by end of 2024

Performing while transforming

*See appendix for additional information regarding non-GAAP measures

APPENDIX

Use and Definitions of Non-GAAP Financial Measures

Carrier Global Corporation (“Carrier”) 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 to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

Organic sales, adjusted operating profit, adjusted operating margin, incremental margins / earnings conversion, earnings before interest, taxes and depreciation and amortization (“EBITDA”), adjusted EBITDA, adjusted net income, adjusted earnings per share (“EPS”), adjusted interest expense, net, adjusted effective tax rate and net debt are non-GAAP financial measures.

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 of a nonoperational nature (hereinafter referred to as “other significant items”). Adjusted operating profit represents operating profit (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted operating margin represents adjusted operating profit as a percentage of net sales (a GAAP measure). Incremental margins / earnings conversion represents the year-over-year change in adjusted operating profit divided by the year-over-year change in net sales. EBITDA represents net income attributable to common shareholders (a GAAP measure), adjusted for interest income and expense, income tax expense, and depreciation and amortization. Adjusted EBITDA represents EBITDA, as calculated above, excluding non-service pension benefit, non-controlling interest in subsidiaries’ earnings from operations, restructuring costs and other significant items. Adjusted net income represents net income attributable to common shareowners (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted EPS represents diluted earnings per share (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted interest expense, net represents interest expense (a GAAP measure) and interest income (a GAAP measure), net excluding other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Net debt represents long-term debt (a GAAP measure) less cash and cash equivalents (a GAAP measure). For the business segments, when applicable, adjustments of operating profit and operating margins represent operating profit, excluding restructuring, amortization of acquired intangibles and other significant items.

Free cash flow is a non-GAAP financial measure that represents net cash flows provided by operating activities (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing Carrier’s ability to fund its activities, including the financing of acquisitions, debt service, repurchases of Carrier's common stock and distribution of earnings to shareowners.

Orders are contractual commitments with customers to provide specified goods or services for an agreed upon price and may not be subject to penalty if cancelled.

When we provide our expectations for organic sales, adjusted operating profit, adjusted operating margin, adjusted interest expense, net, adjusted effective tax rate, incremental margins/earnings conversion, EBITDA, adjusted EBITDA, 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 net sales, operating profit, operating margin, interest expense, effective tax rate, incremental operating margin, net income attributable to common shareowners, diluted EPS and net cash flows provided by operating activities) 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, future restructuring costs, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Additional Items

	2024 Guidance (Includes Viessmann Climate Solutions)
Shares outstanding (diluted)	~915M
Corporate expenses / eliminations	~$275M
Adjusted interest expense, net*	$525M - $550M
Adjusted effective tax rate*	~23%
Capital expenditures	~$550M
Depreciation & amortization	~$850M

*See appendix for additional information regarding non-GAAP measures

Carrier Q4 2023 vs 2022 Sales Reconciliation

Y/Y %

Three Months Ended December 31, 2023 Compared with Three Months Ended December 31, 2022

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	(1)%	1%	(1)%	—%	(1)%
Refrigeration	6%	3%	—%	—%	9%
Fire & Security	(1)%	1%	(5)%	—%	(5)%
Consolidated	**—%**	**1%**	**(1)%**	**—%**	**—%**

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	5%	(1)%	9%	—%	13%
Refrigeration	(2)%	1%	(1)%	—%	(2)%
Fire & Security	6%	(1)%	(3)%	—%	2%
Consolidated	**3%**	**—%**	**5%**	**—%**	**8%**

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

2023 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited)					
	Three Months Ended December 31, 2023					
Net sales	**$ 3,293**	**$ 1,024**	**$ 909**	**$ (124)**	**$ —**	**$ 5,102**
Segment operating profit	**$ 335**	**$ 101**	**$ 109**	**$ 207**	**$ (145)**	**$ 607**
Reported operating margin	*10.2 %*	*9.9 %*	*12.0 %*			*11.9 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 17	$ 7	$ 11	$ 8	$ —	$ 43
Amortization of acquired intangibles	35	—	—	—	—	35
Acquisition step-up amortization (1)	10	—	—	—	—	10
Acquisition/divestiture-related costs	—	—	9	—	123	132
Bridge loan financing costs	—	—	—	2	—	2
Viessmann-related hedges	—	—	—	(272)	—	(272)
Total adjustments to operating profit	$ 62	$ 7	$ 20	$ (262)	$ 123	$ (50)
Adjusted operating profit	**$ 397**	**$ 108**	**$ 129**	**$ (55)**	**$ (22)**	**$ 557**
Adjusted operating margin	*12.1 %*	*10.5 %*	*14.2 %*			*10.9 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

2022 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited)					
	Three Months Ended December 31, 2022					
Net sales	**$ 3,316**	**$ 943**	**$ 960**	**$ (114)**	**$ —**	**$ 5,105**
Segment operating profit	**$ 241**	**$ 113**	**$ 136**	**$ (30)**	**$ (27)**	**$ 433**
Reported operating margin	*7.3 %*	*12.0 %*	*14.2 %*			*8.5 %*
Adjustments to segment operating profit:						
Restructuring costs	$ —	$ 1	$ 1	$ —	$ —	$ 2
Amortization of acquired intangibles	22	—	1	—	—	23
Acquisition step-up amortization (1)	27	—	—	—	—	27
Acquisition/divestiture-related costs	—	—	—	—	3	3
TCC acquisition-related gain (2)	27	—	—	—	—	27
Russia/Ukraine asset impairment	—	—	1	—	—	1
Total adjustments to operating profit	$ 76	$ 1	$ 3	$ —	$ 3	$ 83
Adjusted operating profit	**$ 317**	**$ 114**	**$ 139**	**$ (30)**	**$ (24)**	**$ 516**
Adjusted operating margin	*9.6 %*	*12.1 %*	*14.5 %*			*10.1 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.

(2) The carrying value of our previously held TCC equity investments were recognized at fair value at the TCC acquisition date.

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

2023 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited) Year Ended December 31, 2023					
Net sales	**$ 15,139**	**$ 3,818**	**$ 3,633**	**$ (492)**	**$ —**	**$ 22,098**
Segment operating profit	**$ 2,275**	**$ 428**	**$ 209**	**$ (275)**	**$ (341)**	**$ 2,296**
Reported operating margin	*15.0 %*	*11.2 %*	*5.8 %*			*10.4 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 44	$ 21	$ 22	$ 10	$ —	$ 97
Amortization of acquired intangibles	143	—	6	—	—	149
Acquisition step-up amortization (1)	41	—	—	—	—	41
Acquisition/divestiture-related costs	—	—	9	—	211	220
Bridge loan financing costs	—	—	—	3	—	3
TCC acquisition-related gain (2)	8	—	—	—	—	8
Viessmann-related hedges	—	—	—	96	—	96
KFI deconsolidation	—	—	297	—	—	297
Total adjustments to operating profit	$ 236	$ 21	$ 334	$ 109	$ 211	$ 911
Adjusted operating profit	**$ 2,511**	**$ 449**	**$ 543**	**$ (166)**	**$ (130)**	**$ 3,207**
Adjusted operating margin	*16.6 %*	*11.8 %*	*14.9 %*			*14.5 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.
(2) The carrying value of our previously held TCC equity investments were recognized at fair value at the TCC acquisition date.

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

2022 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited) Year Ended December 31, 2022					
Net sales	**$ 13,408**	**$ 3,883**	**$ 3,570**	**$ (440)**	**$ —**	**$ 20,421**
Segment operating profit	**$ 2,610**	**$ 483**	**$ 1,630**	**$ (80)**	**$ (128)**	**$ 4,515**
Reported operating margin	*19.5 %*	*12.4 %*	*45.7 %*			*22.1 %*
Adjustments to segment operating profit:						
Restructuring Cost	$ 8	$ 10	$ 11	$ 2	$ —	$ 31
Amortization of acquired intangibles	46	—	4	—	—	50
Acquisition step-up amortization [1]	51	—	—	—	—	51
Acquisition/divestiture-related costs	—	—	—	—	31	31
Chubb gain	—	—	(1,105)	—	—	(1,105)
TCC acquisition-related gain [2]	(705)	—	—	—	—	(705)
Russia/Ukraine asset impairment	—	3	1	—	—	4
Charge resulting from legal matter	22	—	—	—	—	22
Total adjustments to operating profit	$ (578)	$ 13	$ (1,089)	$ 2	$ 31	$ (1,621)
Adjusted operating profit	**$ 2,032**	**$ 496**	**$ 541**	**$ (78)**	**$ (97)**	**$ 2,894**
Adjusted operating margin	*15.2 %*	*12.8 %*	*15.2 %*			*14.2 %*

(1) Amortization of the step-up to fair value of acquired inventory and backlog.

(2) The carrying value of our previously held TCC equity investments were recognized at fair value at the TCC acquisition date.

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

Q4 2023 EPS Reconciliation

(Unaudited)						
	Three Months Ended December 31, 2023			Year Ended December 31, 2023		
(In millions, except per share amounts)	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	$ 5,102	$ —	$ 5,102	$ 22,098	$ —	$ 22,098
Operating profit	$ 607	(50) [a]	$ 557	$ 2,296	911 [a]	$ 3,207
Operating margin	*11.9 %*		*10.9 %*	*10.4 %*		*14.5 %*
Income from operations before income taxes	$ 559	(33) [a,b]	$ 526	$ 2,084	960 [a,b]	$ 3,044
Income tax expense	$ (120)	65 [c]	$ (55)	$ (644)	20 [c]	$ (624)
Income tax rate	*21.5 %*		*10.5 %*	*30.9 %*		*20.5 %*
Net income attributable to common shareowners	**$ 420**	**$ 32**	**$ 452**	**$ 1,349**	**$ 980**	**$ 2,329**
Summary of Adjustments:						
Restructuring costs		$ 43 [a]			$ 97 [a]	
Amortization of acquired intangibles		35 [a]			149 [a]	
Acquisition step-up amortization [(1)]		10 [a]			41 [a]	
Acquisition/divestiture-related costs		132 [a]			220 [a]	
Viessmann-related hedges		(272) [a]			96 [a]	
TCC acquisition-related gain [(2)]		— [a]			8 [a]	
KFI deconsolidation		— [a]			297 [a]	
Bridge loan financing costs [(3)]		19 [a, b]			52 [a, b]	
Total adjustments		$ (33)			$ 960	
Tax effect on adjustments above		$ (36)			$ (114)	
Tax specific adjustments		101			134	
Total tax adjustments		$ 65 [c]			$ 20 [c]	
Shares outstanding - Diluted	854.2		854.2	853.0		853.0
Earnings per share - Diluted	**$ 0.49**		**$ 0.53**	**$ 1.58**		**$ 2.73**

(1) Amortization of the step-up to fair value of acquired inventory and backlog.
(2) The carrying value of our previously held TCC equity investments were recognized at fair value and subsequently adjusted.
(3) Includes commitment fees recognized in *Operating profit*.

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

Q4 2022 EPS Reconciliation

(Unaudited)

(In millions, except per share amounts)	Three Months Ended December 31, 2022 Reported	Adjustments		Adjusted	Year Ended December 31, 2022 Reported	Adjustments		Adjusted
Net sales	$ 5,105	$ —		$ 5,105	$ 20,421	$ —		$ 20,421
Operating profit	$ 433	83	a	$ 516	$ 4,515	(1,621)	a	$ 2,894
Operating margin	*8.5 %*			*10.1 %*	*22.1 %*			*14.2 %*
Income from operations before income taxes	$ 377	83	a	$ 460	$ 4,292	(1,649)	a, b	$ 2,643
Income tax expense	$ (99)	(13)	c	$ (112)	$ (708)	135	c	$ (573)
Income tax rate	*26.3 %*			*24.3 %*	*16.5 %*			*21.7 %*
Net income attributable to common shareowners	**$ 270**	**$ 70**		**$ 340**	**$ 3,534**	**$ (1,514)**		**$ 2,020**
Summary of Adjustments:								
Restructuring costs		$ 2	a			$ 31	a	
Amortization of acquired intangibles		23	a			50	a	
Acquisition step-up amortization [(1)]		27	a			51	a	
Acquisition/divestiture-related costs		3	a			31	a	
Chubb gain		—	a			(1,105)	a	
TCC acquisition-related gain [(2)]		27	a			(705)	a	
Russia/Ukraine asset impairment		1	a			4	a	
Charge resulting from legal matter		—	a			22	a	
Debt extinguishment (gain), net [(3)]		—	b			(28)	b	
Total adjustments		$ 83				$ (1,649)		
Tax effect on adjustments above		$ (13)				$ 172		
Tax specific adjustments		—				(37)		
Total tax adjustments		$ (13)	c			$ 135	c	
Shares outstanding - Diluted	852.2			852.2	861.2			861.2
Earnings per share - Diluted	**$ 0.32**			**$ 0.40**	**$ 4.10**			**$ 2.34**

(1) Amortization of the step-up to fair value of acquired inventory and backlog.

(2) The carrying value of our previously held TCC equity investments were recognized at fair value at the TCC acquisition date.

(3) The Company repurchased approximately $1.15 billion of aggregate principal senior notes on March 30, 2022 and recognized a net gain of $33 million and wrote-off $5 million of unamortized deferred financing costs in *Interest (expense) income, net*.

See “Use and Definitions of Non-GAAP Financial Measures” for additional information regarding non-GAAP measures

2020 Adjusted Operating Profit Reconciliation

(Unaudited) (dollars in millions - Income (Expense))	For the Three Months Ended December 31, 2020	For the Three Months Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
HVAC				
Net sales	$ 2,336	$ 2,207	$ 9,478	$ 9,712
Operating profit	$ 1,098	$ 321	$ 2,462	$ 1,563
Restructuring	(4)	(9)	(7)	(56)
Impairment charge on equity method investment	—	—	(71)	(108)
Gain on sale of investment	871	23	1,123	57
Charge resulting from litigation matter	—	—	(11)	—
Separation costs	—	—	(2)	—
Adjusted operating profit	**$ 231**	**$ 307**	**$ 1,430**	**$ 1,670**
Adjusted operating margin	9.9 %	13.9 %	15.1 %	17.2 %
Refrigeration				
Net sales	$ 949	$ 953	$ 3,333	$ 3,792
Operating profit	$ 94	$ 159	$ 357	$ 532
Restructuring	(10)	—	(12)	(14)
Net gain on expropriated plant	—	22	—	22
Separation costs	(6)	—	(6)	—
Adjusted operating profit	**$ 110**	**$ 137**	**$ 375**	**$ 524**
Adjusted operating margin	11.6 %	14.4 %	11.3 %	13.8 %
Fire & Security				
Net sales	$ 1,398	$ 1,422	$ 4,985	$ 5,500
Operating profit	$ 158	$ 187	$ 584	$ 708
Restructuring	(15)	(18)	(28)	(53)
Separation costs	(13)	—	(16)	—
Pension plan amendment	—	(7)	—	(7)
Adjusted operating profit	**$ 186**	**$ 212**	**$ 628**	**$ 768**
Adjusted operating margin	13.3 %	14.9 %	12.6 %	14.0 %

(Unaudited) (dollars in millions - Income (Expense))	For the Three Months Ended December 31, 2020	For the Three Months Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
General Corporate Expenses and Eliminations and Other				
Net sales	$ (89)	$ (81)	$ (340)	$ (396)
Operating profit	$ (105)	$ (110)	$ (320)	$ (312)
Restructuring	(1)	(2)	(2)	(3)
Consultant contract termination	—	—	—	(34)
Separation costs	(30)	(46)	(117)	(59)
Adjusted operating profit	**$ (74)**	**$ (62)**	**$ (201)**	**$ (216)**
Carrier				
Net sales	$ 4,594	$ 4,501	$ 17,456	$ 18,608
Operating profit	$ 1,245	$ 557	$ 3,083	$ 2,491
Total restructuring costs	(30)	(29)	(49)	(126)
Total non-recurring and non-operational items	822	(8)	900	(129)
Adjusted operating profit	**$ 453**	**$ 594**	**$ 2,232**	**$ 2,746**
Adjusted operating margin	9.9 %	13.2 %	12.8 %	14.8 %

Carrier

See page 15 for additional information regarding non-GAAP measures

2020 EPS Reconciliation

(dollars in millions - Income (Expense))	(Unaudited) For the Three Months Ended 2020	2019	For the Twelve Months Ended 2020	2019
Net income attributable to common shareowners	$ 884	$ 440	$ 1,982	$ 2,116
Total restructuring costs	(30)	(29)	(49)	(126)
Total non-recurring and non-operational items included in operating profit	822	(8)	900	(129)
Non-recurring and non-operational items included in Interest expense, net:				
Interest income associated with participation in amnesty settlement	-	-	-	8
Interest income associated with IRS settlement	-	-	-	8
Debt issuance costs relating to Carrier's separation from UTC	-	-	(5)	-
Non-recurring and non-operational items included in Interest expense, net	-	-	(5)	16
Tax effect of restructuring and non-recurring and non-operational items	**(188)**	**8**	**(217)**	**39**
Significant non-recurring and non-operational items included in Income tax expense:				
Favorable income tax adjustments related to tax amnesty	-	-	-	95
Adjustments related to tax settlements	-	-	-	54
Adjustment related to a valuation allowance recorded against a United Kingdom tax loss and credit carryforward as a result of separation related activities	-	-	(51)	-
Adjustment resulting from Carrier's decision to no longer permanently reinvest certain pre-2018 unremitted non-U.S. earnings	-	-	(46)	-
Deferred tax adjustment resulting from the UTC Separation	-	-	-	19
Deferred tax adjustment resulting from United Kingdom legislative change	-	-	(12)	-
Significant non-recurring and non-operational items included in Income tax expense	**-**	**-**	**(109)**	**168**
Total significant non-recurring and non-operational items	**604**	**(29)**	**520**	**(32)**
Adjusted net income attributable to common shareowners	**$ 280**	**$ 469**	**$ 1,462**	**$ 2,148**
Diluted earnings per share	**$ 1.00**	**$ 0.50**	**$ 2.25**	**$ 2.44**
Impact on diluted earnings per share	0.69	(0.03)	0.59	(0.04)
Adjusted diluted earnings per share	**$ 0.31**	**$ 0.53**	**$ 1.66**	**$ 2.48**
Effective tax rate	**24.5%**	**23.2%**	**29.7%**	**19.4%**
Impact on effective tax rate	1.8%	-0.1%	-3.7%	5.5%
Adjusted effective tax rate	**26.3%**	**23.1%**	**26.0%**	**24.9%**

See page 15 for additional information regarding non-GAAP measures

Free Cash Flow Reconciliation

	(Unaudited)									
(In millions)	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**FY 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**FY 2023**
Net cash flows provided by operating activities	$ (202)	$ 32	$ 790	$ 1,123	$ 1,743	$ 120	$ 384	$ 1,041	$ 1,062	$ 2,607
Less: Capital expenditures	56	66	91	140	353	70	74	92	233	469
Free cash flow	**$ (258)**	**$ (34)**	**$ 699**	**$ 983**	**$ 1,390**	**$ 50**	**$ 310**	**$ 949**	**$ 829**	**$ 2,138**

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

Net Debt Reconciliation

(In millions)	(Unaudited) As of December 31, 2023	2022
Long-term debt	$ 14,242	$ 8,702
Current portion of long-term debt	51	140
Less: Cash and cash equivalents	10,015	3,520
Net debt	**$ 4,278**	**$ 5,322**

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures

Amortization of Acquired Intangibles

	(Unaudited)									
(In millions)	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**FY 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**FY 2023**
HVAC	$ 4	$ 4	$ 16	$ 22	$ 46	$ 37	$ 36	$ 35	$ 35	$ 143
Fire & Security	1	1	1	1	4	2	2	2	—	6
Total Carrier	5	5	17	23	50	39	38	37	35	149
Associated tax effect	(1)	(1)	(7)	(4)	(13)	(12)	(11)	(11)	(11)	(45)
Net impact to adjusted results	**$ 4**	**$ 4**	**$ 10**	**$ 19**	**$ 37**	**$ 27**	**$ 27**	**$ 26**	**$ 24**	**$ 104**

See "Use and Definitions of Non-GAAP Financial Measures" for additional information regarding non-GAAP measures