

Carrier Global Corporation
Patrick Goris, SVP & CFO

Bank of America
Global Industrials Conference

March 21, 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 future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates, the anticipated impacts and benefits of our portfolio transformation transactions, 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.

CARRIER OVERVIEW



2023 KEY DATA POINTS

\$22.1B
SALES

~53,000
EMPLOYEES

14.5%
ADJ. OP. MARGIN* %

160+
COUNTRIES

\$2.1B
FREE CASH FLOW*

~\$250B
TAM¹

DIGITAL AND TECHNOLOGY LEADERSHIP

ABOUND

Cloud-based platform that optimizes building performance

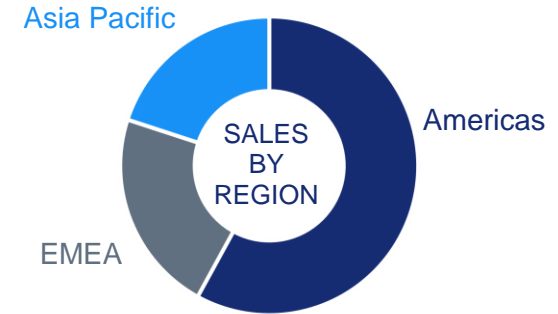
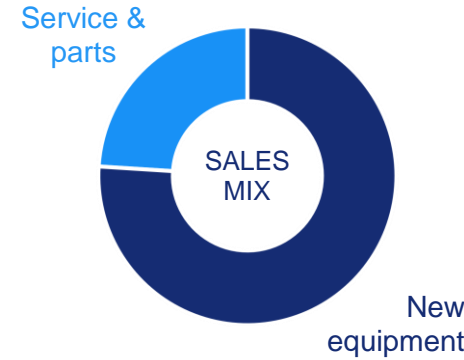
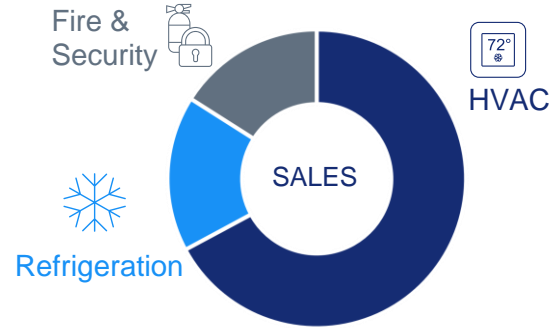
LYNX

Cloud-based platform that delivers real-time visibility and intelligence to the cold chain

ELECTRIFICATION

Leader in differentiated electric and sustainable offerings

WHAT WE DO



SUSTAINABILITY EXCELLENCE



SUSTAINABLE OPERATIONS

Carbon neutral operations by 2030



SUSTAINABLE PRODUCTS

>1 gigaton greenhouse gas reduction by 2030



TALENTED WORKFORCE

~50% diverse executives²



RECOGNIZED LEADER

MSCI Rating of AA
Sustainalytics Top Rating

INDUSTRY LEADERSHIP

N.A. Residential HVAC	#1
N.A. Light Commercial HVAC	#1
Global Transport Refrigeration	#1
European Comm. Refrigeration	#1
Global Residential Fire	#1
Global Access Software	#1
Global Commercial Fire	#2
Global Applied HVAC	#3

Global leader in intelligent climate and energy solutions



* See appendix for additional information regarding non-GAAP measures
 1. Total addressable building and cold chain solutions market (internal estimates)
 2. Based on global women and U.S. people of color

THE CARRIER INVESTMENT THESIS

Iconic brands with leading market positions



Gained market share in all regions

Growing market with secular tailwinds



Continued growth in electrification, indoor air quality (IAQ), and digital solutions

Outsized digitally-enabled aftermarket opportunity



Double-digit growth for 3rd consecutive year

Productivity and simplification focus



Strong price / cost and productivity drove margin expansion*

Portfolio and capital deployment optionality



Launched historic portfolio transformation

Delivering results through proven investment framework



* Even including (50bps) negative impact from consolidation of Toshiba Carrier Corp. (TCC).

CARRIER TRANSFORMATION

Add

Viessmann Climate Solutions

- ✓ Premier company in the heat pump and energy transition markets
- ✓ Leading energy management technology, highly differentiated channel, iconic brand
- ✓ Highly profitable with best-in-class growth and margin profile

Exit

Fire & Security and Commercial Refrigeration

- ✓ Simpler, differentiated portfolio with higher growth
- ✓ Unlock value through focus

Carrier Post-Transactions

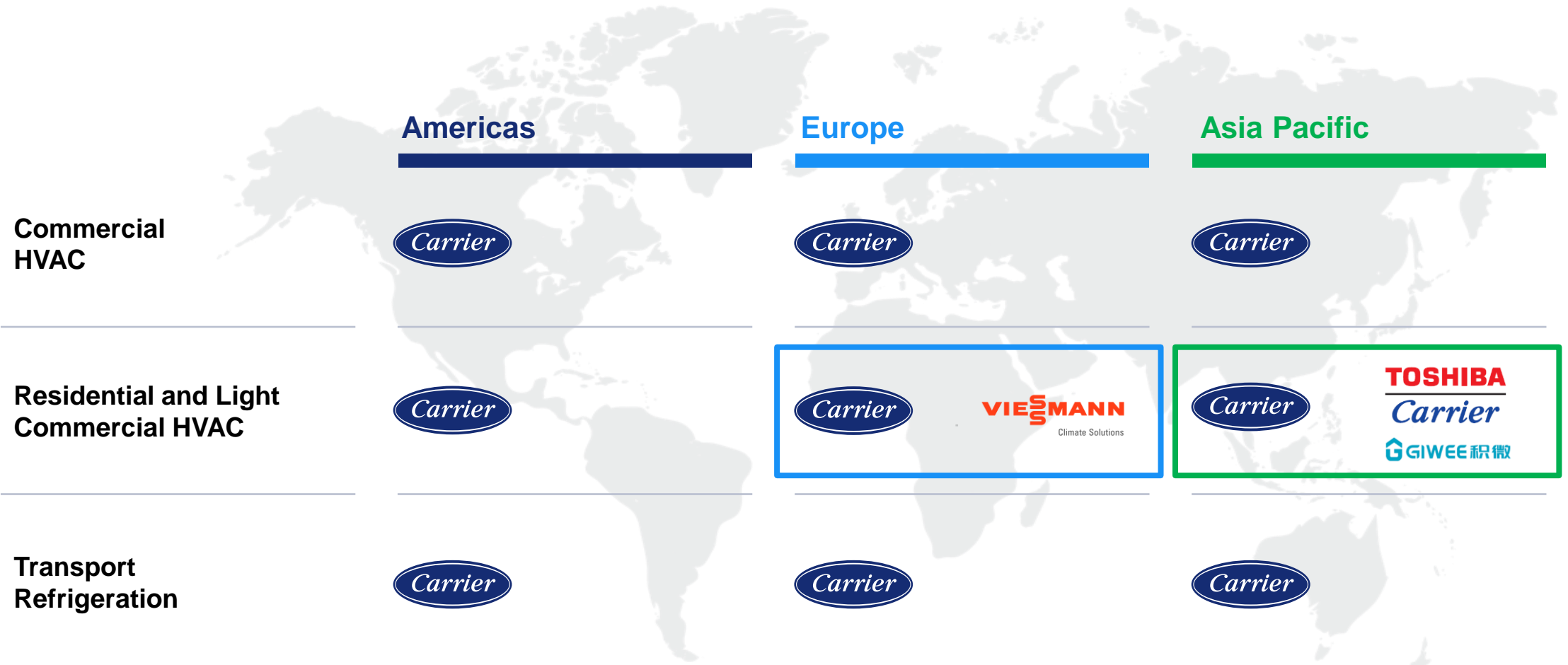
A higher growth and focused intelligent climate and energy solutions company

- ✓ Increased focus on electrification and energy transition megatrends
- ✓ Leader in all major geographies in HVACR and energy solutions
- ✓ >100bps accretive to revenue and EBITDA growth

 **Global leader in intelligent climate and energy solutions**



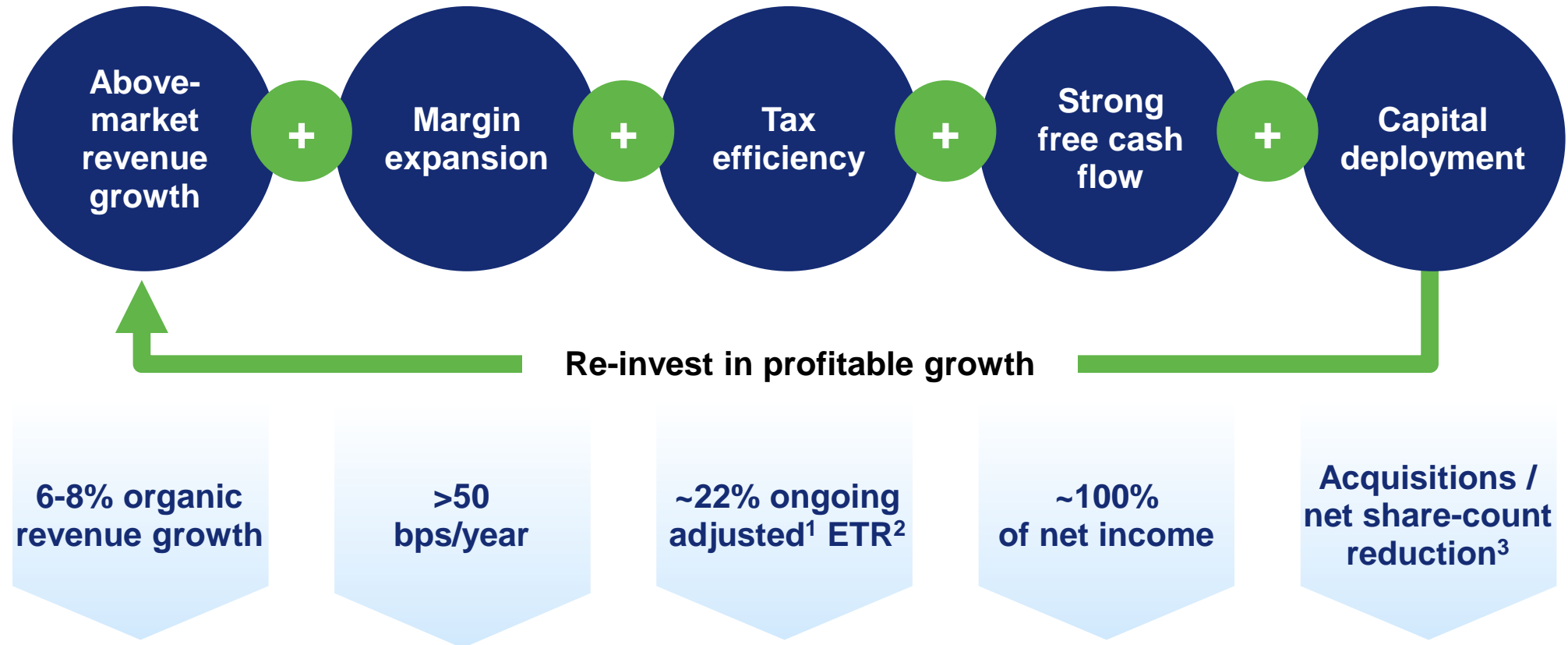
CARRIER POST-TRANSFORMATION



Leading market positions across major regions



VALUE CREATION FRAMEWORK



Double-digit adjusted EPS growth through the cycle



1. See appendix for additional information regarding non-GAAP measures
2. Under current tax legislation
3. Flexibility to toggle between acquisitions and share repurchases

SECULAR TRENDS DRIVE SUSTAINED GROWTH

Secular Trends



Climate Change



Energy Efficiency



Electrification



Internet of Things



Urbanization



Food Waste

Carrier Capitalizing

Higher demand for products

Price / mix-up from higher efficiency units

Digitally enabled recurring revenues

Increased aftermarket opportunity

Wholistic offering – Home Energy Management System (HEMS)

Recognition

Ranked No. 8 of
100 Most Sustainable Companies
Barron's, 2023

Named an
ESG Industry Top-Rated Company
Sustainalytics, 2023

Among
America's Most Responsible Companies
Newsweek, 2023

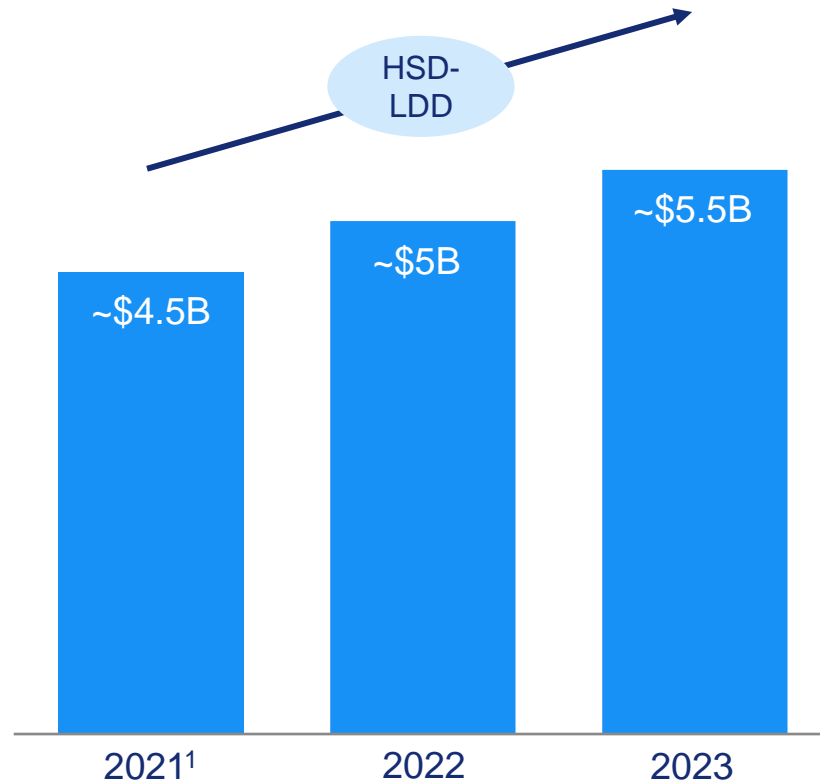
Named to
Carbon Clean200
Corporate Knights, 2023

Achieved
ESG Leader Rating
MSCI ESG Ratings, 2023

Achieved
Prime ESG Corporate Rating
ISS ESG, 2023

Recognized leader benefitting from secular trends

AFTERMARKET FOCUS FUELS GROWTH...



Attractive business

- Existing customer base, asset-light



Large growth potential vs. TAM

- Massive current installed base

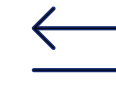


Proven playbook delivering results

- Recurring revenue with strong cashflow streams



High single to low double digit growth



Impact of portfolio transformation

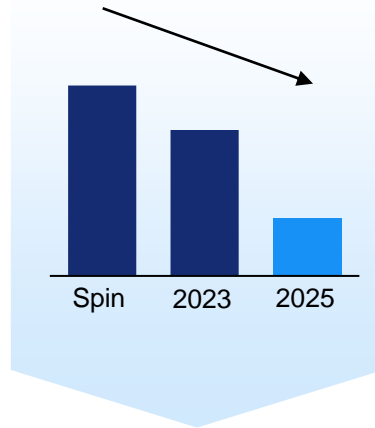
- Business exits reduce aftermarket baseline revenue, but expected to increase aftermarket revenue growth profile

...at >10 points higher than company average gross margins

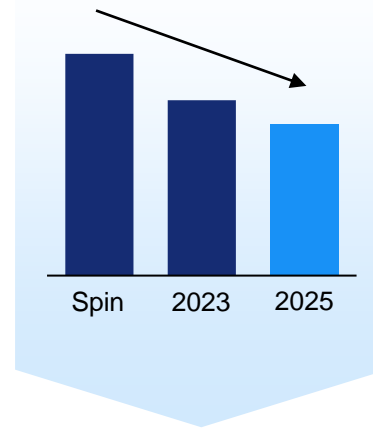


PRODUCTIVITY AND SIMPLIFICATION

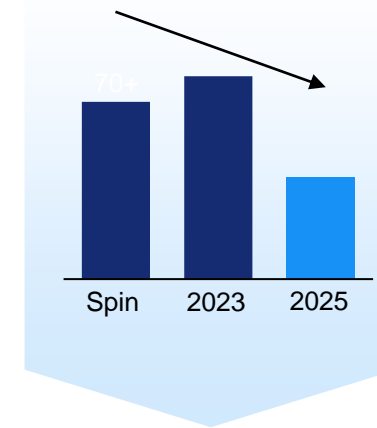
ERP Systems



Legal Entities



Brands



Supply Chain

- Material substitution
- Low-cost sourcing
- Dual sourcing critical components

Product Development

- Common platforming
- SKU reduction
- Insourcing
- Leveraging global scale

Factory

- Footprint optimization
- Automation
- Carrier Excellence

G&A

- Organizational streamlining
- Shared services
- Digital infrastructure simplification
- Legal entity and JV reduction

Significant opportunity to simplify and reduce costs

BUSINESS EXITS UPDATE

Transaction	Type	Gross Proceeds
✓ Security	Sale	~\$5.0B
✓ Commercial Refrigeration	Sale	~\$0.8B
✓ Industrial Fire	Sale	~\$1.4B
Residential and Commercial Fire	Sale or Spin	TBD

Definitive Agreements for 3 out of 4 Transactions

~\$7.2B Gross and ~\$5.5B Net Proceeds

On-track for exits throughout 2024

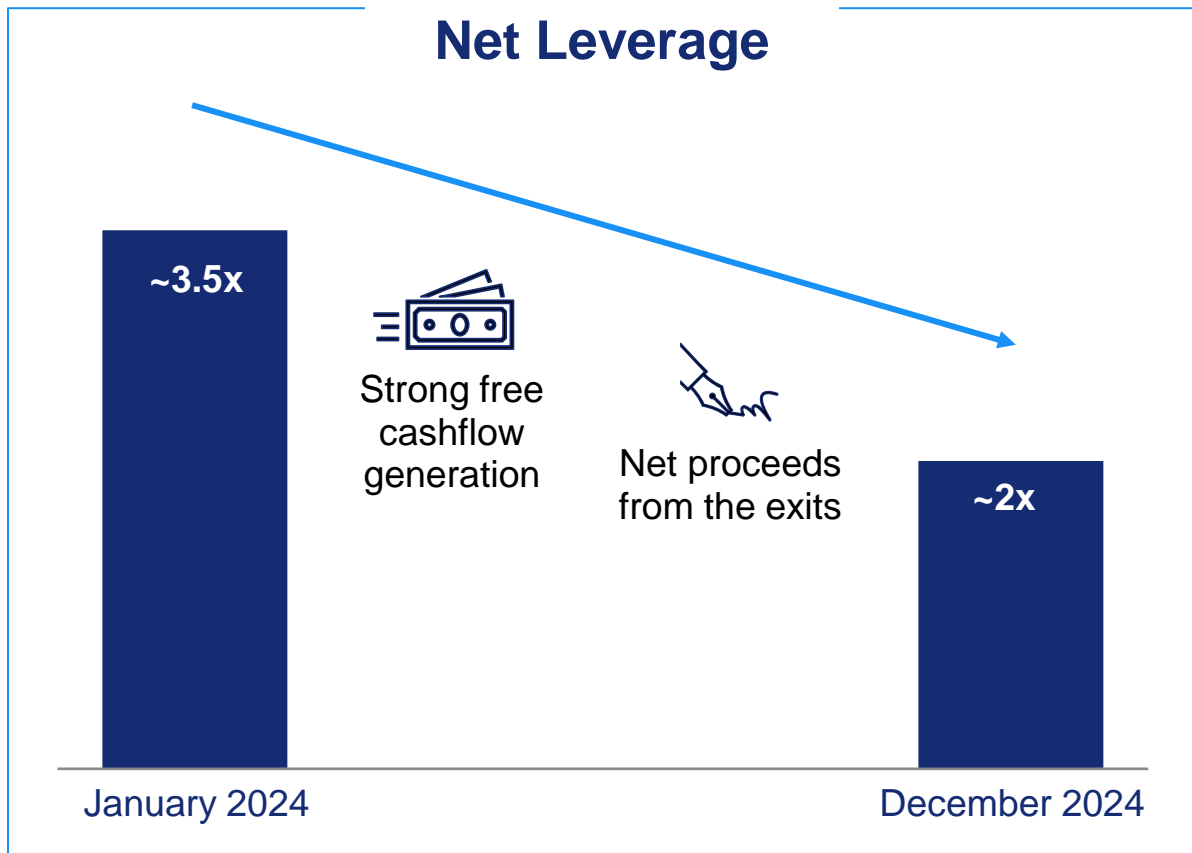
Path to ~2x net leverage by end of 2024

 **On track – Accelerating deleveraging path**

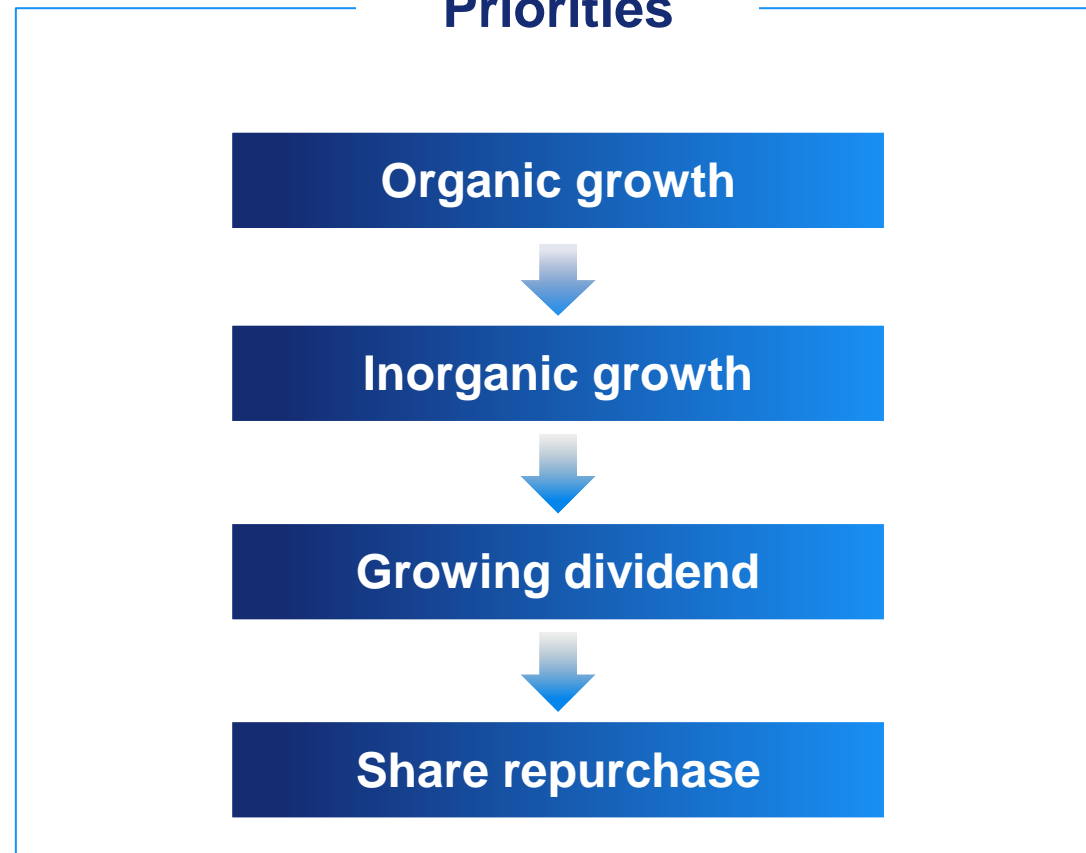


CAPITAL DEPLOYMENT PRIORITIES

De-lever to ~2x Net Leverage

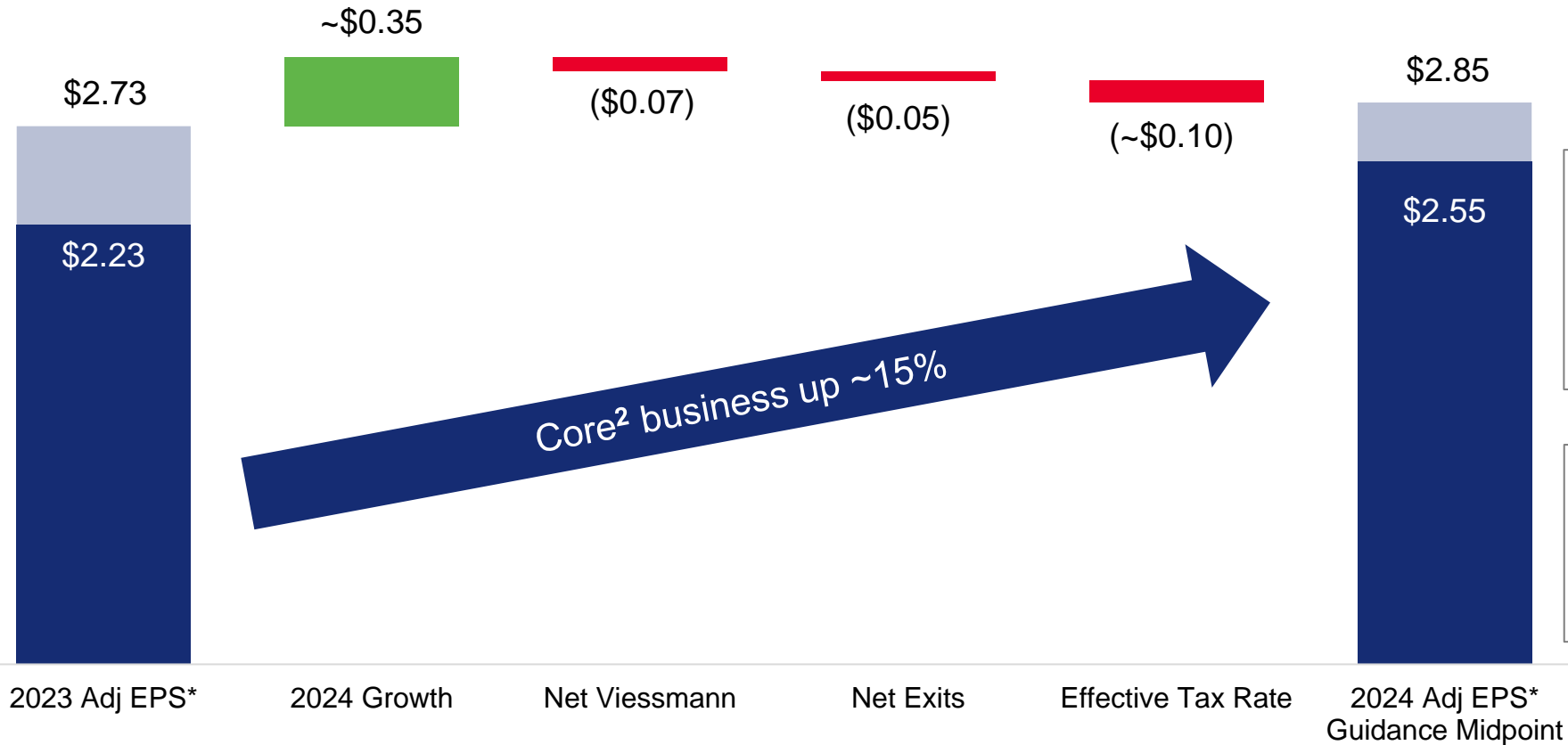


Priorities



➔ Currently expect to resume share repurchases by end of 2024

2024 EPS BRIDGE¹



Net Viessmann

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

Net Exits (Half Year)³

Earnings divested	~(\$0.20)
Interest savings	\$0.15
Net Impact	(~\$0.05)

■ Approximate earnings contributions from Core²

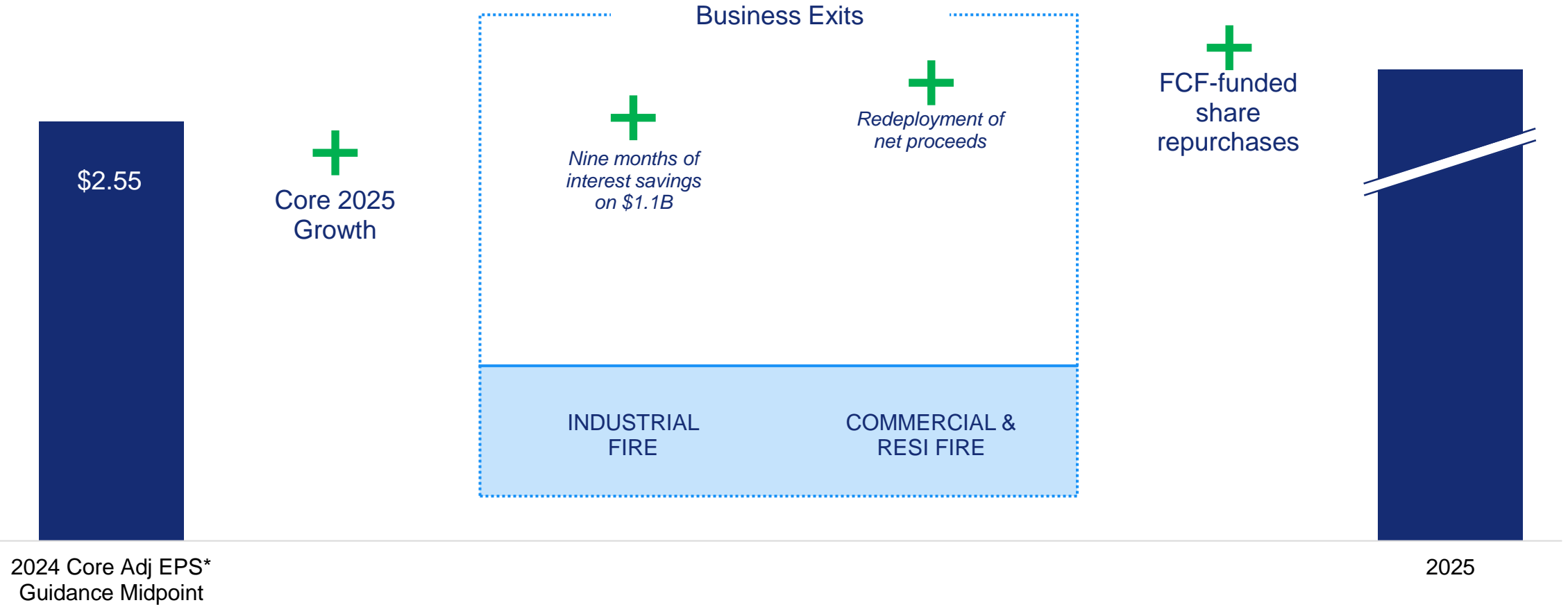
■ Approximate earnings contributions from Fire & Security and Commercial Refrigeration



*See appendix for additional information regarding non-GAAP measures

1. As of February 6th, 2024 Earnings Call
2. Core includes the Carrier businesses that will be retained plus Viessmann Climate Solutions.
3. Includes net impact of Security and Commercial Refrigeration exits. Does not include net impact of Industrial Fire exit.

EARNINGS GROWTH



Positioned for solid core earnings growth in 2025



*See appendix for additional information regarding non-GAAP measures

SUMMARY: LEAD AND DELIVER

Global Climate Leader

Transformational portfolio moves create **premier climate and energy solutions provider**; positioning Carrier as the **Leader** in all major geographies in HVACR and energy solutions

Expansion

Transformation allows for a **more focused portfolio**, highly **differentiated channel access**, and an **accelerated growth profile**

Secular Tailwinds

Carrier now best positioned to take advantage of **major secular trends** around **electrification** and **energy transition**

Shareholder Value

Unique, high-quality, high-growth portfolio is a **building block of a higher multiple company**

Global Leader in Intelligent Climate and Energy Solutions



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.



CARRIER 2023 VS 2022 SALES RECONCILIATION

(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%



2023 ADJUSTED OPERATING PROFIT RECONCILIATION

	(Unaudited)					
	Year Ended December 31, 2023					
<i>(In millions)</i>	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
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.



2022 ADJUSTED OPERATING PROFIT RECONCILIATION

	(Unaudited)					
	Year Ended December 31, 2022					
<i>(In millions)</i>	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	\$ 13,408	\$ 3,883	\$ 3,570	\$ (440)	\$ —	\$ 20,421
Segment operating profit	\$ 2,610	\$ 483	\$ 1,630	\$ (80)	\$ (128)	\$ 4,515
<i>Reported operating margin</i>	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
<i>Adjusted operating margin</i>	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.



2023 EPS RECONCILIATION

	(Unaudited)					
	Three Months Ended December 31, 2023			Year Ended December 31, 2023		
<i>(In millions, except per share amounts)</i>	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
<i>Operating margin</i>	<i>11.9 %</i>		<i>10.9 %</i>	<i>10.4 %</i>		<i>14.5 %</i>
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)
<i>Income tax rate</i>	<i>21.5 %</i>		<i>10.5 %</i>	<i>30.9 %</i>		<i>20.5 %</i>
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*.



2022 EPS RECONCILIATION

(Unaudited)

(In millions, except per share amounts)	Three Months Ended December 31, 2022			Year Ended December 31, 2022		
	Reported	Adjustments	Adjusted	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*.

NET DEBT RECONCILIATION

<i>(In millions)</i>	(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

FREE CASH FLOW RECONCILIATION

<i>(In millions)</i>	(Unaudited)									
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
	2022	2022	2022	2022	2022	2023	2023	2023	2023	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

AMORTIZATION OF ACQUIRED INTANGIBLES

<i>(In millions)</i>	(Unaudited)									
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
	2022	2022	2022	2022	2022	2023	2023	2023	2023	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