

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 8, 2020 (May 8, 2020)

CARRIER GLOBAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-39220
(Commission File Number)

83-4051582
(I.R.S. Employer Identification No.)

**13995 Pasteur Boulevard
Palm Beach Gardens Florida 33418**

(Address of principal executive offices, including zip code)
(561) 365-2000

(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock (\$0.01 par value) | CARR | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Section 2—Financial Information

Item 2.02. Results of Operations and Financial Condition.

On May 8, 2020, Carrier Global Corporation (“Carrier” or the “Company”) issued a press release announcing its first quarter 2020 results.

The press release issued May 8, 2020 is furnished herewith as Exhibit No. 99 to this Report, and shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section and shall not be deemed to be incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Section 9—Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Exhibit Description</u> |
|-----------------------|---|
| 99 | Press release, dated May 8, 2020, issued by Carrier Global Corporation. |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CARRIER GLOBAL CORPORATION
(Registrant)

Date: May 8, 2020

By: /s/ TIMOTHY MCLEVISH
Timothy McLevish
Vice President, Chief Financial Officer



Carrier Reports First Quarter 2020 Earnings

- Sales of \$3.9 billion
- GAAP operating profit of \$315 million; adjusted operating profit of \$436 million
- GAAP EPS of \$0.11; adjusted EPS \$0.35
- Identified \$425 million in full-year cost reductions

PALM BEACH GARDENS, Fla., May 8, 2020 – Carrier Global Corporation (NYSE:CARR) today reported financial results for the first quarter of 2020. Carrier is a leading global provider of innovative heating, ventilating and air conditioning (HVAC), refrigeration, fire, security and building automation technologies.

“We moved early to address the COVID-19 pandemic head-on with a focus on protecting our employees, and throughout this, our 53,000 global employees demonstrated resilience and commitment to continuing to provide our critical products,” said Carrier President & CEO Dave Gitlin. “At the same time, we remain laser focused on our strategic growth priorities, including growing our base, increasing product extensions and geographic coverage and focusing on services and digital. We are also taking aggressive cost actions, identifying \$425 million of savings and a 40-50% reduction in planned capital spending, while preserving investments in those initiatives that are most critical to position Carrier for growth when economic conditions improve. We are a more agile, customer-focused company with a clear roadmap to drive best-in-class organic growth.”

First Quarter Results

Carrier’s first quarter sales of \$3.9 billion were down 10 percent compared to last year, a 9 percent decline organically. About half of the sales decline was due to the expected reduction in gas furnace sales, North America truck trailer sales and the wind-down of a residential intrusion business, with the remainder largely related to COVID-19. GAAP operating profit in the quarter of \$315 million was down 37%, but adjusted operating profit of \$436 million was down 16% helped by the benefit of Carrier’s aggressive cost containment and the acceleration of Carrier 600, a program expected to remove \$600 million in costs over three years. GAAP EPS was \$0.11 and, on an adjusted basis, EPS was \$0.35 after excluding net nonrecurring and restructuring charges. Net income in the quarter was \$96 million and included \$210 million of net nonrecurring and restructuring charges. Net cash flows provided by operating activities was \$47 million and capital expenditures were \$48 million, resulting in a use of free cash flow of \$1 million, a substantial improvement from the negative \$224 million of free cash flow in the prior year’s first quarter. Importantly, Carrier’s cash balance at the time of the spin was approximately \$1.3 billion.

Gitlin added, “In light of the essential nature of our products and solutions, I am so proud of the tremendous work our people have done to support our customers during these critical times. We are also focused on delivering new product offerings to support enhanced safety and health needs as societies and communities begin to open. For example, indoor air quality will be critical and we worked rapidly to release OptiClean, a unique system that can filter microscopic-sized contaminants. In our fire and security business, with our touchless solutions, we can eliminate many physical contact points to improve health and safety. And we are essential in helping to preserve and protect food and pharmaceuticals with our cold chain solutions.”

Full-Year 2020 Scenarios

On April 3, 2020, Carrier withdrew its full year 2020 outlook for sales, adjusted operating profit, and free cash flow due to the impact of COVID-19. Given continued uncertainty, Carrier considered a range of different assumptions and the most reasonable scenarios fall into the following ranges:

- Sales of \$15 - \$17 billion
- Adjusted operating profit of \$1.7 - \$2.0 billion
- Free cash flow in excess of \$1 billion*

**Note: When we provide expectations for adjusted operating profit and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures generally is not available without unreasonable effort. See “Use and Definitions of Non-GAAP Financial Measures” below for additional information.*

Conference Call

Carrier will host a live webcast of its earnings conference call today, Friday, May 8, 2020, at 8:30 a.m. ET. To access the webcast, visit the Events & Presentations section of the Carrier Investor Relations site at ir.carrier.com/news-and-events/events-and-presentations or to listen to the earnings call by phone, dial (877) 742-9091.

About Carrier

Carrier Global Corporation is a leading global provider of innovative HVAC, refrigeration, fire, security and building automation technologies. Supported by the iconic Carrier name, the company’s portfolio includes industry-leading brands such as Carrier, Kidde, Edwards, LenelS2 and Automated Logic. For more information, visit www.corporate.carrier.com or follow Carrier on social media at @Carrier.

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.

Organic sales, adjusted operating profit, adjusted net income, adjusted earnings per share (“EPS”), and the adjusted effective tax rate 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 non-recurring and/or nonoperational nature (hereinafter referred to as “other significant items”). Adjusted operating profit represents operating profit (a GAAP measure), excluding restructuring costs and other significant items. Adjusted net income represents net income attributable to common shareowners (a GAAP measure), excluding restructuring costs and other significant items. Adjusted EPS represents diluted earnings per share (a GAAP measure), excluding restructuring costs and other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding restructuring costs and other significant items. For the business segments, when applicable, adjustments of operating profit and margins represent operating profit, excluding restructuring and other significant items.

GAAP financial results include the impact of changes in foreign currency exchange rates (AFX). We use the non-GAAP measure “at constant currency” or “CFX” to show changes in our financial results without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, income statement results are translated in U.S. dollars at the average exchange rate for the period presented. Management believes that the non-GAAP measures just mentioned are useful in providing period-to-period comparisons of the results of the Company’s ongoing operational performance.

Free cash flow is a non-GAAP financial measure that represents 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 shareholders.

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.

When we provide our expectations for adjusted EPS, adjusted operating profit, adjusted effective tax rate, organic sales and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS, operating profit, the effective tax rate, sales and expected 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, 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.

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. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for our 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 or the separation from United Technologies (the “Separation”). 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 and other measures of financial performance or potential future plans, strategies or transactions of Carrier following the Separation, including the estimated costs associated with the Separation 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 those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which we and our businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, the impact of weather conditions, pandemic health issues (including COVID-19 and its effects, among other things, on production and on global supply, demand, and distribution disruptions as the outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations), natural disasters and the financial condition of our customers and suppliers; (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (3) future levels of indebtedness, including indebtedness incurred in connection with the Separation, and capital spending and research and development spending; (4) future availability of credit and factors that may affect such availability, including credit market conditions and capital structure and credit ratings; (5) the timing and scope of future repurchases of our common stock, including market conditions and the level of other investing activities and uses of cash; (6) delays and disruption in the delivery of materials and services from suppliers; (7) cost reduction efforts and restructuring costs and savings and other consequences thereof; (8) new business and investment opportunities; (9) the anticipated benefits of moving away from diversification and balance of operations across product lines, regions and industries; (10) the outcome of legal proceedings, investigations and other contingencies; (11) the impact of pension plan assumptions and on future cash contributions and earnings; (12) the impact of the negotiation of collective bargaining agreements and labor disputes; (13) the effect of changes in political conditions in the U.S. and other countries in which we and our businesses operate, including the effect of changes in U.S. trade policies or the United Kingdom’s withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (14) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which we and our businesses operate; (15) the ability of Carrier to retain and hire key personnel; (16) the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs; (17) the expected benefits of the Separation; (18) a determination by the IRS and other tax authorities that the Distribution or certain related transactions should be treated as taxable transactions; (19) risks associated with indebtedness incurred as a result of financing transactions undertaken in connection with the Separation; (20) the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the Separation will exceed Carrier’s estimates; and (21) the impact of the Separation on Carrier’s business and Carrier’s resources, systems, procedures and controls, diversion of management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see Carrier's registration statement on Form 10 and the reports of Carrier on Forms, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and 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.

Additional Information

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No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Carrier-IR
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Carrier Global Corporation
Condensed Combined Statement of Operations

| | (Unaudited) | |
|--|----------------------------------|----------|
| | For the Quarters Ended March 31, | |
| <i>(dollars in millions, except per share amounts; shares in millions)</i> | 2020 | 2019 |
| Net Sales: | | |
| Product sales | \$ 3,147 | \$ 3,566 |
| Service sales | 741 | 757 |
| | 3,888 | 4,323 |
| Costs and expenses | | |
| Cost of products sold | 2,237 | 2,565 |
| Cost of services sold | 529 | 532 |
| Research and development | 98 | 97 |
| Selling, general and administrative | 692 | 684 |
| | 3,556 | 3,878 |
| Equity method investment net earnings | 29 | 40 |
| Other (expense) income, net | (46) | 15 |
| Operating profit | 315 | 500 |
| Non-service pension benefit | 17 | 39 |
| Interest (expense) income, net | (37) | 4 |
| Income from operations before income taxes | 295 | 543 |
| Income tax expense | 193 | 140 |
| Net income from operations | 102 | 403 |
| Less: Non-controlling interest in subsidiaries' earnings from operations | 6 | 3 |
| Net income attributable to common shareowners | \$ 96 | \$ 400 |
| Earnings per share ¹ | | |
| Basic | \$ 0.11 | \$ 0.46 |
| Diluted | \$ 0.11 | \$ 0.46 |
| Weighted average number of shares outstanding ¹ | | |
| Basic | 866 | 866 |
| Diluted | 866 | 866 |

¹ Earnings per share for all periods presented were calculated using the number shares that were distributed to UTC shareowners immediately following the Separation. For periods prior to the Separation it is assumed that there are no dilutive equity instruments as there were no equity awards in Carrier outstanding prior to the Separation.

Carrier Global Corporation
Segment Net Sales and Operating Profit

| <i>(dollars in millions)</i> | (Unaudited) | |
|--|----------------------------------|-----------------|
| | For the Quarters Ended March 31, | |
| | 2020 | 2019 |
| Net sales | | |
| HVAC | \$ 1,959 | \$ 2,168 |
| Refrigeration | 808 | 962 |
| Fire & Security | 1,206 | 1,290 |
| Segment sales | 3,973 | 4,420 |
| Eliminations and other | (85) | (97) |
| Combined net sales | \$ 3,888 | \$ 4,323 |
| Operating profit | | |
| HVAC | \$ 167 | \$ 293 |
| Refrigeration | 99 | 127 |
| Fire & Security | 120 | 132 |
| Segment operating profit | 386 | 552 |
| Eliminations and other | (35) | (17) |
| General corporate expenses | (36) | (35) |
| Combined operating profit | \$ 315 | \$ 500 |
| Segment operating profit margin | | |
| HVAC | 8.5 % | 13.5 % |
| Refrigeration | 12.3 % | 13.2 % |
| Fire & Security | 10.0 % | 10.2 % |
| Segment operating profit margin | 9.7 % | 12.5 % |

Carrier Global Corporation
Operating Profit Adjusted for Restructuring Costs and
Non-recurring and Non-operational Items

| | (Unaudited) | | | |
|--|----------------------------------|---------------|---------------|---------------|
| | For the Quarters Ended March 31, | | | |
| | 2020 | | 2019 | |
| <i>(dollars in millions)</i> | Reported | Adjusted | Reported | Adjusted |
| Operating profit | | | | |
| HVAC | \$ 167 | \$ 242 | \$ 293 | \$ 297 |
| Refrigeration | 99 | 99 | 127 | 130 |
| Fire & Security | 120 | 126 | 132 | 145 |
| Segment operating profit | 386 | 467 | 552 | 572 |
| Eliminations and other | (35) | 5 | (17) | (17) |
| General corporate expenses | (36) | (36) | (35) | (35) |
| Combined operating profit | \$ 315 | \$ 436 | \$ 500 | \$ 520 |
| Segment operating profit margin | | | | |
| HVAC | 8.5 % | 12.4 % | 13.5 % | 13.7 % |
| Refrigeration | 12.3 % | 12.3 % | 13.2 % | 13.5 % |
| Fire & Security | 10.0 % | 10.4 % | 10.2 % | 11.2 % |
| Segment operating profit margin | 9.7 % | 11.8 % | 12.5 % | 12.9 % |

Carrier Global Corporation
Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP)
Adjusted Operating Profit & Operating Profit Margin

| | (Unaudited) | |
|--|------------------------|----------------|
| | For the Quarters Ended | |
| | March 31, | |
| <i>(dollars in millions - Income (Expense)).</i> | 2020 | 2019 |
| HVAC | | |
| Net sales | \$ 1,959 | \$ 2,168 |
| Operating profit | \$ 167 | \$ 293 |
| Restructuring | (2) | (17) |
| Impairment charge on minority owned joint venture investment | (71) | — |
| Gain on sale of interest in joint venture | — | 13 |
| Separation costs | (2) | — |
| Adjusted operating profit | \$ 242 | \$ 297 |
| Adjusted operating profit margin | 12.4 % | 13.7 % |
| Refrigeration | | |
| Net sales | \$ 808 | \$ 962 |
| Operating profit | \$ 99 | \$ 127 |
| Restructuring | — | (3) |
| Adjusted operating profit | \$ 99 | \$ 130 |
| Adjusted operating profit margin | 12.3 % | 13.5 % |
| Fire & Security | | |
| Net sales | \$ 1,206 | \$ 1,290 |
| Operating profit | \$ 120 | \$ 132 |
| Restructuring | (3) | (13) |
| Separation costs | (3) | — |
| Adjusted operating profit | \$ 126 | \$ 145 |
| Adjusted operating profit margin | 10.4 % | 11.2 % |
| General Corporate Expenses and Eliminations and Other | | |
| Net sales | \$ (85) | \$ (97) |
| Operating profit | \$ (71) | \$ (52) |
| Separation costs | (40) | — |
| Adjusted operating profit | \$ (31) | \$ (52) |
| Carrier Combined | | |
| Net sales | \$ 3,888 | \$ 4,323 |
| Operating profit | \$ 315 | \$ 500 |
| Total restructuring costs | (5) | (33) |
| Total non-recurring and non-operational items | (116) | 13 |
| Combined adjusted operating profit | \$ 436 | \$ 520 |

Carrier Global Corporation
Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Results
Adjusted Net Income, Earnings Per Share, and Effective Tax Rate

| <i>(dollars in millions - Income (Expense)).</i> | (Unaudited) | |
|---|----------------------------------|---------|
| | For the Quarters Ended March 31, | |
| | 2020 | 2019 |
| Net income attributable to common shareowners | \$ 96 | \$ 400 |
| Total restructuring costs | (5) | (33) |
| Total non-recurring and non-operational items included in operating profit | (116) | 13 |
| Non-recurring and non-operational items included in Interest expense, net: | | |
| Debt issuance costs relating to Carrier's separation from United Technologies | (5) | — |
| Tax effect of restructuring and non-recurring and non-operational items | 13 | 6 |
| Significant non-recurring and non-operational items included in Income tax expense: | | |
| 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) | — |
| Significant non-recurring and non-operational items included in Income tax expense | (97) | — |
| Total significant non-recurring and non-operational items | (210) | \$ (14) |
| Adjusted net income attributable to common shareowners | \$ 306 | \$ 414 |
| Diluted earnings per share | \$ 0.11 | \$ 0.46 |
| Impact on diluted earnings per share | (0.24) | (0.02) |
| Adjusted diluted earnings per share | \$ 0.35 | \$ 0.48 |
| Effective tax rate | 65.4 % | 25.8 % |
| Impact on effective tax rate | (39.5) % | 0.1 % |
| Adjusted effective tax rate | 25.9 % | 25.9 % |

Carrier Global Corporation
Components of Changes in Net Sales

Quarter Ended March 31, 2020 Compared with Quarter Ended March 31, 2019

| | (Unaudited) | | | | |
|-----------------|---|----------------|------------------------------------|-------|--------|
| | Factors Contributing to Total % change in Net Sales | | | | |
| | Organic | FX Translation | Acquisition / Divestitures, net | Other | Total |
| HVAC | (9) % | (1) % | — % | — % | (10) % |
| Refrigeration | (14) % | (2) % | — % | — % | (16) % |
| Fire & Security | (5) % | (2) % | — % | — % | (7) % |
| Combined | (9) % | (1) % | — % | — % | (10) % |

Carrier Global Corporation
Condensed Combined Balance Sheet

| | (Unaudited) | |
|--|------------------|-------------------|
| | March 31, 2020 | December 31, 2019 |
| <i>(dollars in millions)</i> | | |
| Assets | | |
| Cash and cash equivalents | \$ 768 | \$ 952 |
| Accounts receivable, net | 2,674 | 2,726 |
| Contract assets, current | 651 | 622 |
| Inventories, net | 1,556 | 1,332 |
| Other assets, current | 319 | 327 |
| Total current assets | 5,968 | 5,959 |
| Future income tax benefits | 454 | \$ 500 |
| Fixed assets, net | 1,638 | 1,663 |
| Operating lease right-of-use assets | 865 | 832 |
| Intangible assets, net | 1,014 | 1,083 |
| Goodwill | 9,648 | 9,884 |
| Pension and post-retirement assets | 473 | 490 |
| Equity method investments | 1,664 | 1,739 |
| Other assets | 277 | 256 |
| Total Assets | \$ 22,001 | \$ 22,406 |
| Liabilities and Equity | | |
| Accounts payable | \$ 1,776 | \$ 1,701 |
| Accrued liabilities | 1,972 | 2,088 |
| Contract liabilities, current | 485 | 443 |
| Current portion of long-term debt | 218 | 237 |
| Total current liabilities | 4,451 | 4,469 |
| Long-term debt | 11,029 | 82 |
| Future pension and post-retirement obligations | 456 | 456 |
| Future income tax obligations | 1,161 | 1,099 |
| Operating lease liabilities | 708 | 682 |
| Other long-term liabilities | 1,170 | 1,183 |
| Total Liabilities | 18,975 | 7,971 |
| UTC Net investment | | |
| UTC Net investment | 4,433 | 15,355 |
| Accumulated other comprehensive loss | (1,736) | (1,253) |
| Total UTC Net investment | 2,697 | 14,102 |
| Non-controlling interest | 329 | 333 |
| Total Equity | 3,026 | 14,435 |
| Total Liabilities and Equity | \$ 22,001 | \$ 22,406 |
| Debt Ratios: ¹ | | |
| Total debt to total capitalization | 79 % | |
| Net debt to net capitalization | 78 % | |

¹ Debt to total capitalization equals total debt divided by total debt plus equity. Net debt to net capitalization equals total debt less cash and cash equivalents divided by total debt plus equity less cash and cash equivalents.

Carrier Global Corporation
Condensed Combined Statement of Cash Flows

| <i>(dollars in millions)</i> | (Unaudited) | |
|--|----------------------------------|---------------|
| | For the Quarters Ended March 31, | |
| | 2020 | 2019 |
| Operating Activities | | |
| Net income from operations | \$ 102 | \$ 403 |
| Adjustments to reconcile net income from operations to net cash flows provided by (used in) operating activities, net of acquisitions and dispositions | | |
| Depreciation and amortization | 81 | 85 |
| Deferred income tax provision | 135 | 15 |
| Stock compensation costs | 13 | 8 |
| Equity method investment net earnings | (29) | (40) |
| Distributions from equity method investments | 10 | 5 |
| Impairment charge on minority owned joint venture investment | 71 | — |
| Changes in operating assets and liabilities | | |
| Accounts receivable, net | (19) | (148) |
| Contract assets, current | (39) | (51) |
| Inventories, net | (264) | (230) |
| Other assets, current | (10) | 8 |
| Accounts payable and accrued liabilities | (24) | (227) |
| Contract liabilities, current | 51 | 27 |
| Pension contributions | (25) | (22) |
| Other operating activities, net | (6) | (16) |
| Net cash flows provided by (used in) operating activities | 47 | (183) |
| Investing Activities | | |
| Capital expenditures | (48) | (41) |
| Disposition of businesses | — | 1 |
| Other investing activities, net | (80) | (3) |
| Net cash flows used in investing activities | (128) | (43) |
| Financing Activities | | |
| (Decrease) increase in short-term borrowings, net | (44) | 6 |
| Issuance of long-term debt | 10,961 | 52 |
| Repayment of long-term debt | (34) | (1) |
| Dividends paid to non-controlling interest | (8) | (2) |
| Net transfers to UTC | (10,948) | (89) |
| Other financing activities, net | (3) | (23) |
| Net cash flows used in financing activities | (76) | (57) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (28) | 16 |
| Net decrease in cash and cash equivalents and restricted cash | (185) | (267) |
| Cash, cash equivalents and restricted cash, beginning of period | 957 | 1,134 |
| Cash, cash equivalents and restricted cash, end of period | 772 | 867 |
| Less: restricted cash | 4 | 4 |
| Cash and cash equivalents, end of period | \$ 768 | \$ 863 |

Carrier Global Corporation
Free Cash Flow Reconciliation

| <i>(dollars in millions)</i> | (Unaudited) | |
|---|----------------------------------|----------|
| | For the Quarters Ended March 31, | |
| | 2020 | 2019 |
| Net income attributable to common shareowners | \$ 96 | \$ 400 |
| Net cash flows provided by (used in) operating activities | \$ 47 | \$ (183) |
| Less: Capital expenditures | 48 | 41 |
| Free cash flow | \$ (1) | \$ (224) |
| Free cash flow as a percentage of net income attributable to common shareowners | (1)% | (56)% |

Supplemental Quarterly Information

Carrier Global Corporation Condensed Combined Statement of Operations by Quarter

| | (Unaudited) | | | | For the Year Ended |
|--|------------------------|---------------|-----------------------|-------------------|-----------------------|
| | For the Quarters Ended | | | | |
| <i>(dollars in millions, except per share amounts; shares in millions)</i> | March 31, 2019 | June 30, 2019 | September 30, 2019 | December 31, 2019 | December 31, 2019 |
| Net sales | | | | | |
| Total product sales | \$ 3,566 | \$ 4,139 | \$ 3,998 | \$ 3,657 | \$ 15,360 |
| Total service sales | 757 | 823 | 824 | 844 | 3,248 |
| | <u>4,323</u> | <u>4,962</u> | <u>4,822</u> | <u>4,501</u> | <u>18,608</u> |
| Costs and expenses | | | | | |
| Cost of products sold | 2,565 | 2,906 | 2,784 | 2,635 | 10,890 |
| Cost of services sold | 532 | 582 | 592 | 593 | 2,299 |
| Research and development | 97 | 103 | 102 | 99 | 401 |
| Selling, general and administrative | 684 | 680 | 702 | 695 | 2,761 |
| | <u>3,878</u> | <u>4,271</u> | <u>4,180</u> | <u>4,022</u> | <u>16,351</u> |
| Equity method investment net earnings | 40 | 80 | 78 | 38 | 236 |
| Other income (expense), net | 15 | 34 | (91) | 40 | (2) |
| Operating profit | <u>500</u> | <u>805</u> | <u>629</u> | <u>557</u> | <u>2,491</u> |
| Non-service pension benefit | 39 | 38 | 47 | 30 | 154 |
| Interest income, net | 4 | 16 | 3 | 4 | 27 |
| Income from operations before income taxes | 543 | 859 | 679 | 591 | 2,672 |
| Income tax expense | 140 | 65 | 175 | 137 | 517 |
| Net income from operations | <u>403</u> | <u>794</u> | <u>504</u> | <u>454</u> | <u>2,155</u> |
| Less: Non-controlling interest in subsidiaries' earnings from operations | 3 | 10 | 12 | 14 | 39 |
| Net income attributable to common shareowners | <u>\$ 400</u> | <u>\$ 784</u> | <u>\$ 492</u> | <u>\$ 440</u> | <u>\$ 2,116</u> |
| Earnings per share ¹ | | | | | |
| Basic | \$ 0.46 | \$ 0.91 | \$ 0.57 | \$ 0.50 | \$ 2.44 |
| Diluted | \$ 0.46 | \$ 0.91 | \$ 0.57 | \$ 0.50 | \$ 2.44 |
| Weighted average number of shares outstanding ¹ | | | | | |
| Basic | 866 | 866 | 866 | 866 | 866 |
| Diluted | 866 | 866 | 866 | 866 | 866 |

¹ Earnings per share for all periods presented were calculated using the number shares that were distributed to UTC shareowners immediately following the Separation. For periods prior to the Separation it is assumed that there are no dilutive equity instruments as there were no equity awards in Carrier outstanding prior to the Separation.

Carrier Global Corporation
Segment Net Sales and Operating Profit by Quarter

| <i>(dollars in millions)</i> | (Unaudited) | | | | For the Year Ended December 31, 2019 |
|--|------------------------|-----------------|--------------------|-------------------|---|
| | For the Quarters Ended | | | | |
| | March 31, 2019 | June 30, 2019 | September 30, 2019 | December 31, 2019 | |
| Net sales | | | | | |
| HVAC | \$ 2,168 | \$ 2,735 | \$ 2,602 | \$ 2,207 | \$ 9,712 |
| Refrigeration | 962 | 955 | 922 | 953 | 3,792 |
| Fire & Security | 1,290 | 1,386 | 1,402 | 1,422 | 5,500 |
| Segment sales | 4,420 | 5,076 | 4,926 | 4,582 | 19,004 |
| Eliminations and other | (97) | (114) | (104) | (81) | (396) |
| Combined net sales | \$ 4,323 | \$ 4,962 | \$ 4,822 | \$ 4,501 | \$ 18,608 |
| Operating profit | | | | | |
| HVAC | \$ 293 | \$ 545 | \$ 404 | \$ 321 | \$ 1,563 |
| Refrigeration | 127 | 121 | 125 | 159 | 532 |
| Fire & Security | 132 | 184 | 205 | 187 | 708 |
| Segment operating profit | 552 | 850 | 734 | 667 | 2,803 |
| Eliminations and other | (17) | (15) | (63) | (61) | (156) |
| General corporate expenses | (35) | (30) | (42) | (49) | (156) |
| Combined operating profit | \$ 500 | \$ 805 | \$ 629 | \$ 557 | \$ 2,491 |
| Segment operating profit margin | | | | | |
| HVAC | 13.5 % | 19.9 % | 15.5 % | 14.5 % | 16.1 % |
| Refrigeration | 13.2 % | 12.7 % | 13.6 % | 16.7 % | 14.0 % |
| Fire & Security | 10.2 % | 13.3 % | 14.6 % | 13.2 % | 12.9 % |
| Segment operating profit margin | 12.5 % | 16.7 % | 14.9 % | 14.6 % | 14.7 % |

**Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP)
Operating Profit & Operating Profit Margin by Quarter**

| <i>(dollars in millions - Income (Expense)).</i> | (Unaudited) | | | | |
|--|------------------------|----------------|--------------------|-------------------|-----------------------|
| | For the Quarters Ended | | | | For the Year Ended |
| | March 31, 2019 | June 30, 2019 | September 30, 2019 | December 31, 2019 | December 31, 2019 |
| HVAC | | | | | |
| Net sales | \$ 2,168 | \$ 2,735 | \$ 2,602 | \$ 2,207 | \$ 9,712 |
| Operating profit | \$ 293 | \$ 545 | \$ 404 | \$ 321 | \$ 1,563 |
| Restructuring | (17) | (18) | (12) | (9) | (56) |
| Impairment of joint venture investment | — | — | (108) | — | (108) |
| Gain on sale of interests in joint ventures | 13 | 21 | — | 23 | 57 |
| Adjusted operating profit | \$ 297 | \$ 542 | \$ 524 | \$ 307 | \$ 1,670 |
| Adjusted operating profit margin | 13.7 % | 19.8 % | 20.1 % | 13.9 % | 17.2 % |
| Refrigeration | | | | | |
| Net sales | \$ 962 | \$ 955 | \$ 922 | \$ 953 | \$ 3,792 |
| Operating profit | \$ 127 | \$ 121 | \$ 125 | \$ 159 | \$ 532 |
| Restructuring | (3) | (4) | (7) | — | (14) |
| Net gain on expropriated plant | — | — | — | 22 | 22 |
| Adjusted operating profit | \$ 130 | \$ 125 | \$ 132 | \$ 137 | \$ 524 |
| Adjusted operating profit margin | 13.5 % | 13.1 % | 14.3 % | 14.4 % | 13.8 % |
| Fire & Security | | | | | |
| Net sales | \$ 1,290 | \$ 1,386 | \$ 1,402 | \$ 1,422 | \$ 5,500 |
| Operating profit | \$ 132 | \$ 184 | \$ 205 | \$ 187 | \$ 708 |
| Restructuring | (13) | (8) | (14) | (18) | (53) |
| Pension plan amendment | — | — | — | (7) | (7) |
| Adjusted operating profit | \$ 145 | \$ 192 | \$ 219 | \$ 212 | \$ 768 |
| Adjusted operating profit margin | 11.2 % | 13.9 % | 15.6 % | 14.9 % | 14.0 % |
| General Corporate Expenses and Eliminations and Other | | | | | |
| Net sales | \$ (97) | \$ (114) | \$ (104) | \$ (81) | \$ (396) |
| Operating profit | \$ (52) | \$ (45) | \$ (105) | \$ (110) | \$ (312) |
| Restructuring | — | — | (1) | (2) | (3) |
| Consultant contract termination | — | — | (34) | — | (34) |
| Separation costs | — | — | (13) | (46) | (59) |
| Adjusted operating profit | \$ (52) | \$ (45) | \$ (57) | \$ (62) | \$ (216) |
| Carrier Combined | | | | | |
| Net sales | \$ 4,323 | \$ 4,962 | \$ 4,822 | \$ 4,501 | \$ 18,608 |
| Operating profit | \$ 500 | \$ 805 | \$ 629 | \$ 557 | \$ 2,491 |
| Total restructuring costs | (33) | (30) | (34) | (29) | (126) |
| Total non-recurring and non-operational items | 13 | 21 | (155) | (8) | (129) |
| Combined adjusted operating profit | \$ 520 | \$ 814 | \$ 818 | \$ 594 | \$ 2,746 |

Carrier Global Corporation
Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Results
Adjusted Net Income, Earnings Per Share, and Effective Tax Rate by Quarter

| <i>(dollars in millions - Income (Expense))</i> | (Unaudited) | | | | |
|---|------------------------|----------------|--------------------|-------------------|--------------------|
| | For the Quarters Ended | | | | For the Year Ended |
| | March 31, 2019 | June 30, 2019 | September 30, 2019 | December 31, 2019 | December 31, 2019 |
| Net income attributable to common shareowners | \$ 400 | \$ 784 | \$ 492 | \$ 440 | \$ 2,116 |
| Total restructuring costs | (33) | (30) | (34) | (29) | (126) |
| Total non-recurring and non-operational items included in operating profit | 13 | 21 | (155) | (8) | (129) |
| Non-recurring and non-operational items included in Interest expense, net: | | | | | |
| Interest income associated with participation in amnesty settlement | — | 8 | — | — | 8 |
| Interest income associated with IRS settlement | — | 8 | — | — | 8 |
| Tax effect of restructuring and non-recurring and non-operational items | 6 | 3 | 22 | 8 | 39 |
| Non-recurring and non-operational items included in Income tax expense: | | | | | |
| Favorable income tax adjustments related to tax amnesty | — | 95 | — | — | 95 |
| Adjustments related to several tax settlements | — | 54 | — | — | 54 |
| Tax adjustment resulting from announcement of intention to separate commercial businesses | — | — | 19 | — | 19 |
| Significant non-recurring and non-operational items included in Income tax expense | — | 149 | 19 | — | 168 |
| Total non-recurring and non-operational items | (14) | 159 | (148) | (29) | (32) |
| Adjusted net income attributable to common shareowners | \$ 414 | \$ 625 | \$ 640 | \$ 469 | \$ 2,148 |
| Diluted earnings per share | \$ 0.46 | \$ 0.91 | \$ 0.57 | \$ 0.50 | \$ 2.44 |
| Impact on diluted earnings per share | (0.02) | 0.18 | (0.17) | (0.03) | (0.04) |
| Adjusted diluted earnings per share | \$ 0.48 | \$ 0.73 | \$ 0.74 | \$ 0.53 | \$ 2.48 |
| Effective tax rate | 25.8 % | 7.6 % | 25.8 % | 23.2 % | 19.4 % |
| Impact on effective tax rate | 0.1 % | 17.9 % | (0.9) % | (0.1) % | 5.5 % |
| Adjusted effective tax rate | 25.9 % | 25.5 % | 24.9 % | 23.1 % | 24.9 % |

Carrier Global Corporation
Free Cash Flow Reconciliation by Quarter

| <i>(dollars in millions)</i> | (Unaudited) | | | | |
|---|------------------------|---------------|--------------------|-------------------|--------------------|
| | For the Quarters Ended | | | | For the Year Ended |
| | March 31, 2019 | June 30, 2019 | September 30, 2019 | December 31, 2019 | December 31, 2019 |
| Net income attributable to common shareowners | \$ 400 | \$ 784 | \$ 492 | \$ 440 | \$ 2,116 |
| Net cash flows (used in) provided by operating activities | \$ (183) | \$ 546 | \$ 614 | \$ 1,071 | \$ 2,048 |
| Less: Capital expenditures | 41 | 48 | 50 | 104 | 243 |
| Free cash flow | \$ (224) | \$ 498 | \$ 564 | \$ 967 | \$ 1,805 |
| Free cash flow as a percentage of net income attributable to common shareowners | (56)% | 64 % | 115 % | 220 % | 85 % |