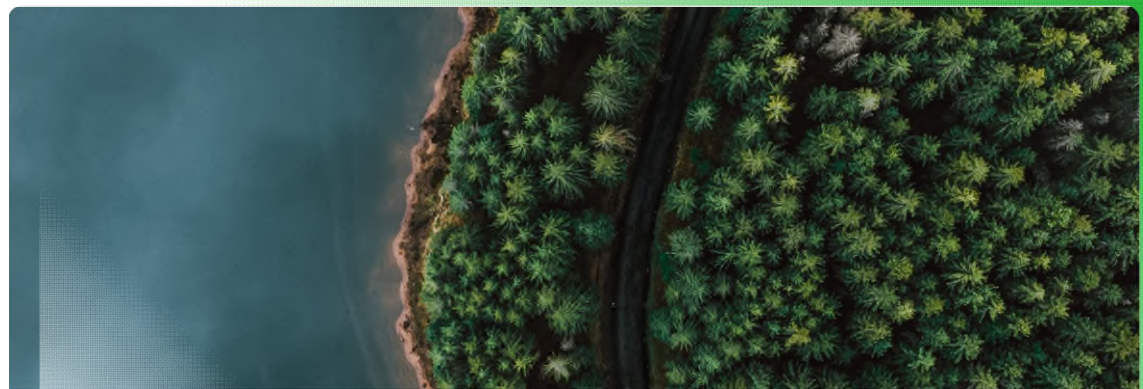




Q3 2024 Earnings Conference Call

October 24, 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," "preliminary," "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, our portfolio transformation and the use of the anticipated proceeds thereof, potential future investments, Carrier's plans with respect to its indebtedness and other statements that are not historical facts. This communication also contains estimated net cash flow and free cash flow results for the quarter ended September 30, 2024. These estimated net cash flow and free cash results are preliminary and subject to completion and may change as a result of management's continued review. Such preliminary results are subject to the finalization of quarter-end financial and accounting procedures. The preliminary net cash flow and free cash flow financial results represent management estimates that constitute forward-looking statements. 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.

Earnings From Continuing Operations

- Effective Q3 2024 the Fire & Security segment is presented as discontinued operations
- All material discussed today will refer to Continuing Operations except preliminary free cash flow unless stated otherwise

Continuing Operations

- HVAC segment
- Refrigeration segment – including Commercial Refrigeration which was exited October 1, 2024
- Corporate expenses – including indirect corporate expenses previously allocated to the Fire & Security segment
- Controls business previously reported in Fire & Security is now reported in Eliminations and Other

Discontinued Operations

- Includes all results and expenses directly related to the Fire and Security businesses plus allocated interest

Q3 2024 Summary

		Highlights
Sales	\$5,984M <i>Organic¹ +4% Y/Y</i>	~20% orders growth Y/Y
Adjusted Operating Profit¹	\$1,044M <i>+19% Y/Y</i>	Continued strength in Global Commercial and North America Residential HVAC offsetting market challenges in RLC HVAC Europe and China
Adjusted Operating Margin¹	17.4% <i>(40 bps) Y/Y</i>	Double-digit aftermarket growth
Adjusted EPS¹	\$0.77 <i>+3% Y/Y</i>	Very strong core conversion driven by productivity
<i>Total Adjusted EPS¹</i>	<i>\$0.83</i>	On-track to close final business exit around year-end
Preliminary Free Cash Flow^{1,2}	(\$366M)	Expect to complete ~\$5B in share repurchases in 2H 2024/2025

Includes ~\$1.1B of cash tax payments on the gains of the business exits, M&A transaction-related costs, and restructuring costs

▶ Backlog, orders and continued execution position Carrier for a strong 2025

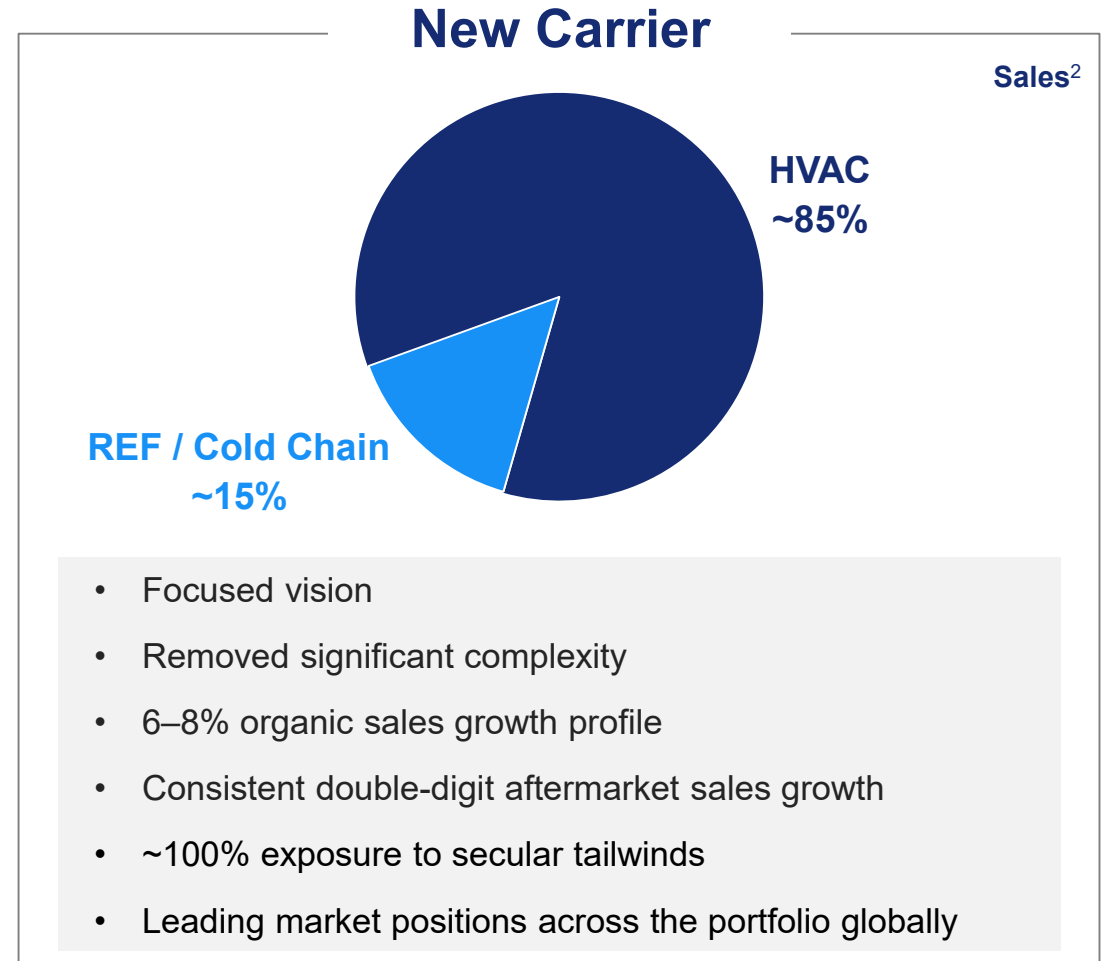
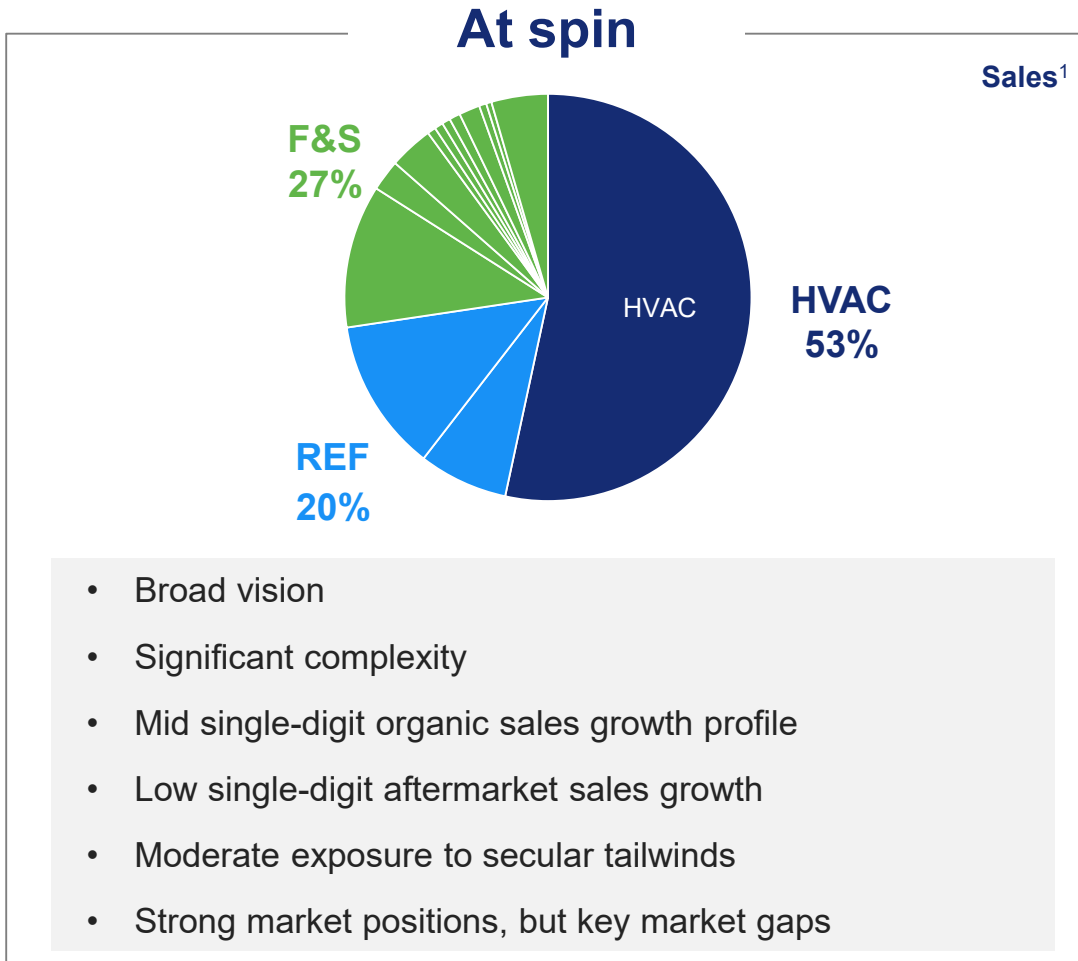


1. See appendix for additional information regarding non-GAAP measures
2. Includes the results of continuing operations and discontinued operations.

Global Leader in Intelligent Climate and Energy Solutions

<u>Vision</u>	<u>Objective</u>	<u>Q3 Highlights</u>
GLOBAL LEADER	Share leader Differentiated technology	Share gains across major segments and geographies
INTELLIGENT	Everything connected Everything intelligent	Connected ~5k new chillers in the field, on track for ~50k by end of year Increased Abound coverage by 100 million to 1.2 billion square feet Surpassed 150,000 Lynx subscriptions, on track for ~180k by end of year
CLIMATE	Energy efficient Electrification	First DOE Challenge cold climate heat pumps entered production in Collierville, TN Introduced industry leading efficiency container unit and all-electric multi-temp refrigerated trailer
ENERGY	Unique solutions for grid resilience	Expanding climate as a service offering in European residential market Developing differentiated home energy management solution for North America
SOLUTIONS	Recurring revenue Customer intimacy	Aftermarket sales up 10% in Q3 On-track to achieve 4 th year in a row of double-digit aftermarket growth

New Carrier – Post Transformation



▶ **Simpler, focused, higher growth**



1. Full year 2020 sales
 2. Based on internal estimates for 2025 projected sales

Key focus areas

Since spin

1. Establish performance culture and best team
2. Portfolio transformation
3. Simplify and focus business
4. New and invigorated Carrier Excellence
5. Establish aftermarket playbook and results



New Carrier

1. Laser focus on customers, share and margin expansion across segments
2. Sustained double-digit aftermarket CAGR enabled by digital differentiation
3. Home Energy Management Solutions
4. Continued balanced capital deployment

Carrier and Viessmann Climate Solutions: 1+1>4

Digital & Technology

Carrier + Viessmann Climate Solutions

Electronic Control Design

One Carrier platform across portfolio, leveraging VCS board design philosophy

Embedded Software

One global SW architecture leveraging Carrier and VCS software features

System-level integration

Global scaled system solutions with regional differentiation using VCS solution

HEMS

Forthcoming global offerings leveraging VCS HEMS solutions

Go-to-market digital solutions

Improved user experience and new business models for Carrier brands leveraging VCS digital offerings

Synergies

On track to achieve ~\$200M in revenue synergies by year 3
On track to achieve ~\$200M in cost synergies by year 3



Leveraging channels and brand portfolio

Introducing iconic brands to service customer needs across all channels



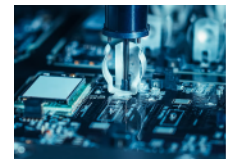
Hydronics

Air-to-water and integrated hydronics opportunity in North America



Cooling in Europe

Expanding residential and commercial cooling through new product introductions and cross selling via the VCS channel



Cost synergies

Driving aggressive cost synergies utilizing Carrier Alliance, indirect procurement, logistics and G&A reductions

▶ Carrier and Viessmann Climate Solutions: a game-changing combination

Q3 2024 Results

	Q3 2024	Q3 2023	Y/Y
Sales	\$5,984M	\$4,935M	21%
Organic sales ¹			4%
Acquisitions / Divestitures, net			17%
FX			0%
Adjusted operating profit ¹	\$1,044M	\$877M	19%
Adjusted operating margin ¹	17.4%	17.8%	(40 bps)
Adjusted effective tax rate ¹	23.4%	22.0%	
Adjusted EPS ¹	\$0.77	\$0.75	3%
Preliminary free cash flow ^{1,2}	(\$366M)	\$949M	



1. See appendix for additional information regarding non-GAAP measures
 2. Includes the results of continuing operations and discontinued operations. Also include ~\$1.1B of cash tax payments on the gains of the business exits, M&A transaction-related costs, and restructuring costs

Q3 2024 HVAC Results

	Q3 2024	Y/Y
Sales	\$5,058M	26%
Organic sales*		6%
Acquisitions / divestitures, net		20%
FX		0%
Adjusted operating profit*	\$1,001M	20%
Adjusted operating margin*	19.8%	(100 bps)

Highlights
Continued strength in global Commercial HVAC and aftermarket – both up double-digits
North America Resi sales up double-digits
Commercial HVAC Americas up almost 20%
Residential and Light Commercial HVAC in EMEA and China remain weak
Margin decline includes ~(200bps) headwind from Viessmann Climate Solutions



Carrier provided ~4,200 tons of air handling units to One Bangkok, a fully integrated district in central Bangkok, Thailand, setting a new standard for urban living by combining commercial, residential, hospitality, and green space.

Q3 2024 Refrigeration Results

	Q3 2024	Y/Y
Sales	\$938M	1%
Organic sales*		1%
FX		0%
Adjusted operating profit*	\$117M	6%
Adjusted operating margin*	12.5%	50 bps

- ### Highlights
- Container sales up over 30%
 - Global Truck & Trailer sales down MSD driven by declines in North America
 - Asia Truck & Trailer up 20%
 - Aftermarket sales up 10%
 - Margin expansion driven by productivity



SeaCube first leasing company to buy Carrier Transicold's new OptimaLINE refrigerated containers with enhanced efficiency

Q3 Organic Order¹ Trends

HVAC Segment	Y/Y
Americas ¹	~30%
Residential	~30%
Light Commercial	~60%
Commercial ¹	~25%
EMEA ²	(5%) – 0%
Residential & Light Commercial ²	~(20%)
Commercial	~5%
Asia Pacific	(10%) – (5%)
Global Commercial ¹	~15%
Total HVAC^{1,2}	~15%

Refrigeration Segment	Y/Y
Global Truck and Trailer	~85%
Container	15% – 20%
Total Refrigeration³	45 – 50%

Total Carrier^{1,2,3}	~20%
--------------------------------------	-------------

▶ Orders growth drove double-digit increase in backlog positioning for continued growth into 2025



1. Excludes NORESKO
2. Excludes Viessmann Climate Solutions
3. Excludes Commercial Refrigeration

2024 Full Year Guidance**

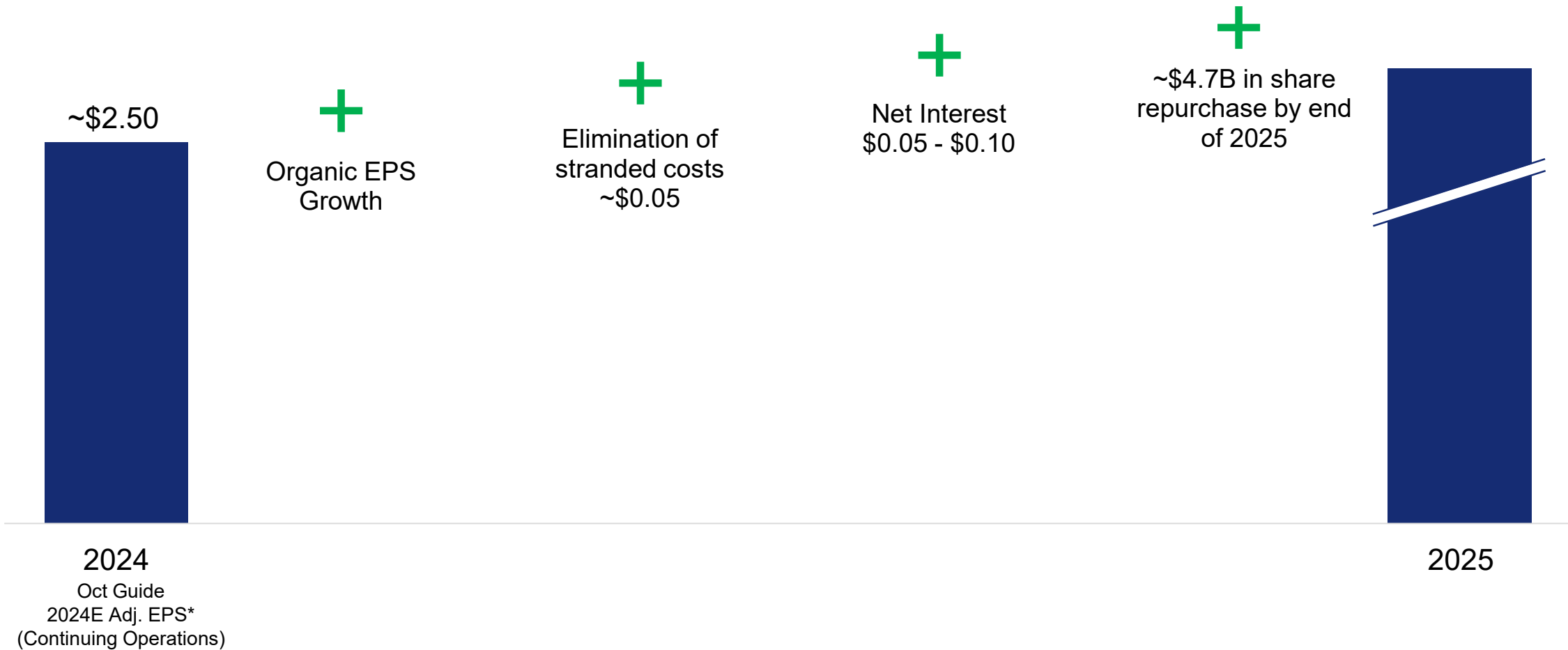
Sales	~\$22.5B Organic* up ~3% FX (0%) Acquisitions up +18% Divestitures (2%)
Adjusted Operating Margin*	~15.5% Up ~150 bps
Adjusted EPS*	~\$2.50 Up ~14% Y/Y
Free Cash Flow*	~(\$0.2B) <i>Includes the expected results of continuing operations and discontinued operations.</i> <i>Guide includes ~\$2.6B of expected tax payments on the gains from the announced business exits, restructuring, and M&A transaction-related costs</i>

▶ Strong financial performance in a transformational year



*See appendix for additional information regarding non-GAAP measures
**As of October 24, 2024

2025 Adjusted EPS* Framework



AFFF Settlements

Upon U.S. court approvals, settlements will resolve:

- **Estate claims:** Permanently resolve all present and future claims (including but not limited to personal injury, water, airport, fire training facilities, etc.) that Carrier is responsible for any liabilities of KFI including all liabilities arising from KFI's manufacture or sale of AFFF
- **Direct claims:** Direct claims are those claims based on UTC's alleged conduct between 2005 to 2013 during its ownership of the AFFF business. The settlement will release the vast majority of all current and future AFFF-related direct claims by U.S. public water providers and airports.
 - Strong defenses against other potential direct claims

Carrier's projected cash settlement payments of \$615M*

- 2025: ~\$66.5M | 2026: ~\$140.5M | 2027: ~\$246M | 2028: ~\$54M | 2029: ~\$54M | 2030: ~\$54M

Carrier expects full recovery of cash settlement amounts from insurance payments over time

Carrier entitled to receive up to \$2.4B of proceeds from insurance sharing arrangement

▶ Settlements expected to substantially resolve Carrier's potential AFFF liabilities



*Assumes bankruptcy court approval in Q2 2025 and district court approval of the multi-district litigation in 2025; excludes \$125M insurance recovery and \$115M net proceeds from the sale of KFI, both non-cash items to Carrier

Summary

Strong orders momentum continues, positioning Carrier well for 2025

Continuing to gain share in key segments and geographies

Driving sustainability differentiation and continuous double-digit aftermarket growth

Four of five exits closed with remaining exit on-track to close around year-end

~\$5B buyback underway

▶ Well-positioned for a strong finish to 2024 and growth in 2025 and beyond

APPENDIX

Carrier's Road Map to Net-Zero

Strategies for a Sustainable Path Forward



▶ Carrier's Ambitious Climate and Net Zero Targets Validated by the Science-Based Target Initiative

2024 Recognitions & Awards Year to Date

BARRON'S 100 Most Sustainable Companies

WEC
World Environment Center Gold Medal Award

FORTUNE Fortune 500
World's Most Admired Companies
America's Most Innovative Companies

TIME World's Best Companies 2024
World's Most Sustainable Companies

Newsweek Most Trustworthy Companies in America
America's Greatest Workplaces

USA TODAY America's Climate Leaders
Best Air Conditioner Brand

Brand Finance Global - The World's 500 Most Valuable Brands 2024
U.S. - The 500 Most Valuable American Brands 2024

JUST capital Just 100 Rankings

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 and are associated with Carrier’s continuing operations unless specifically noted.

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 continuing 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.

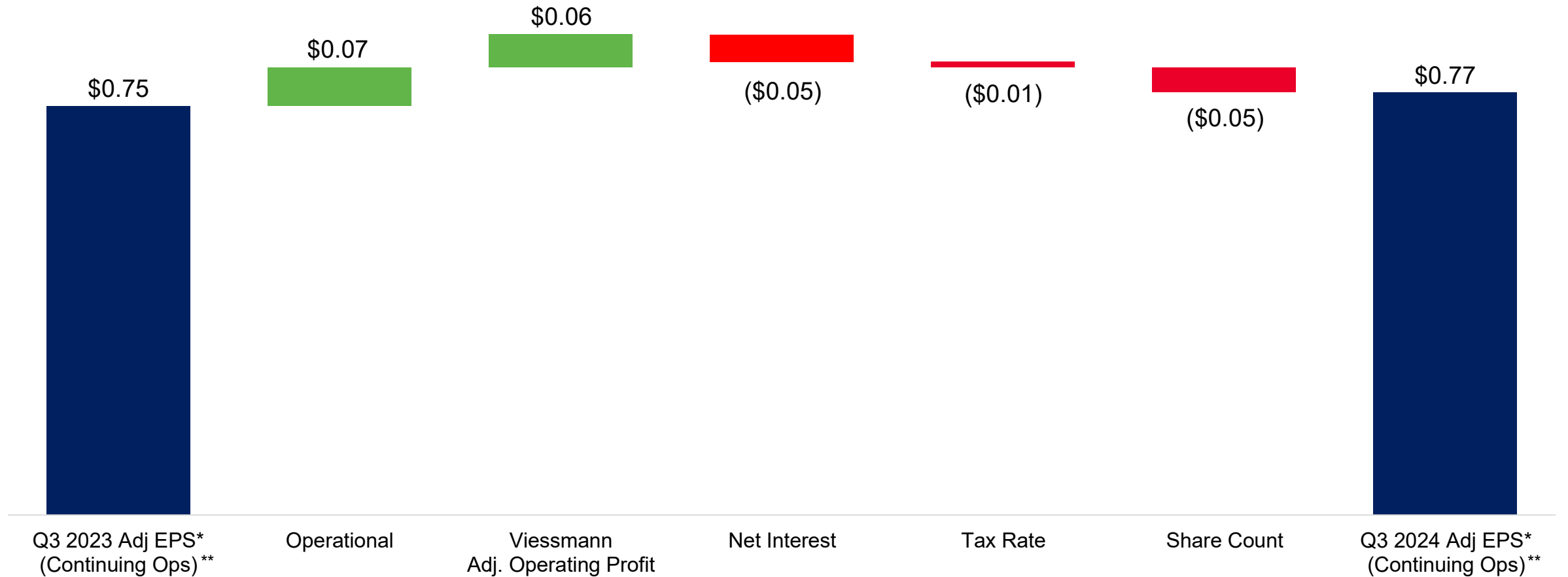
Orders are contractual commitments with customers to provide specified goods or services for an agreed upon price and may not be subject to penalty if cancelled.

When Carrier provides 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.

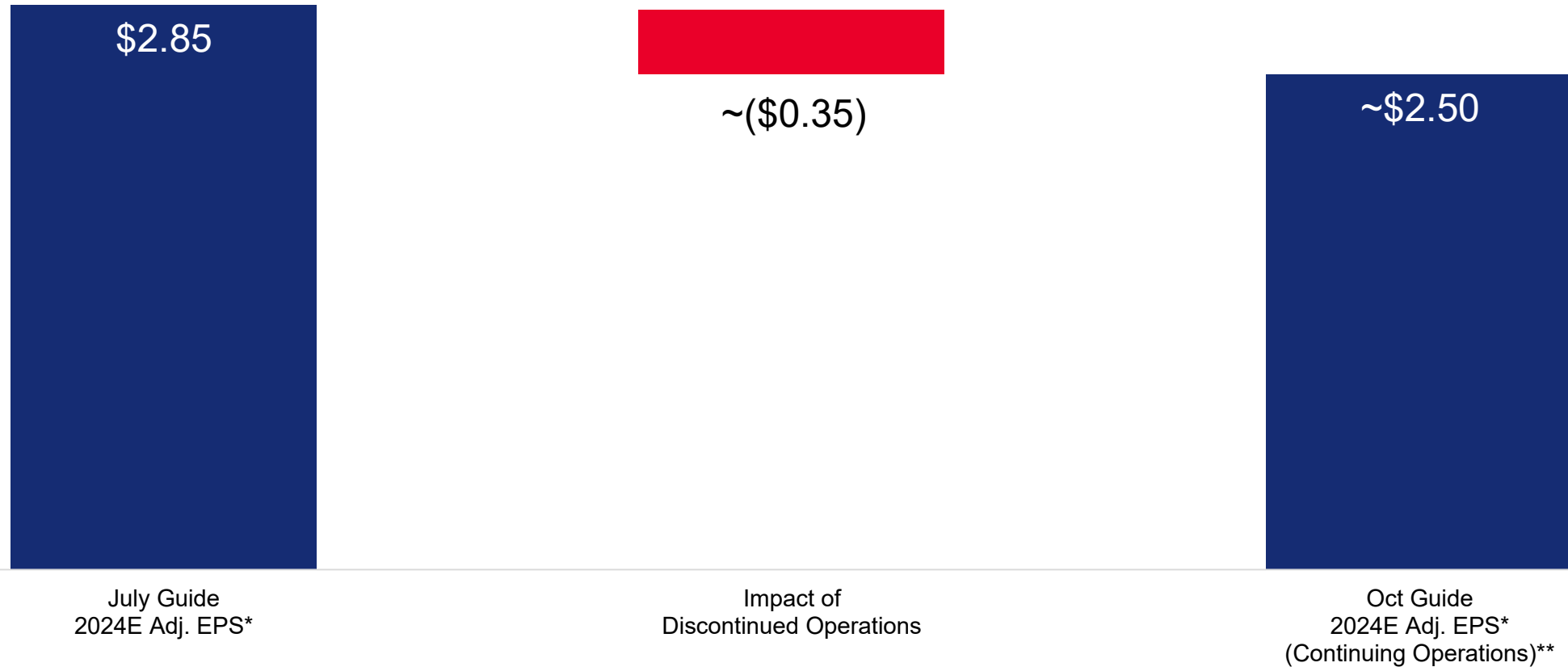
Discontinued Operations

In 2023, the Company announced plans to exit its Fire & Security and Commercial Refrigeration businesses over the course of 2024. The announced plan to exit the Fire & Security segment represents a single disposal plan to separately divest multiple businesses over different reporting periods. Upon the Commercial and Residential Fire Business qualifying as held for sale during the three months ended September 30, 2024, the components of the Fire & Security segment in aggregate met the criteria to be presented as discontinued operations in the Company's unaudited condensed consolidated statement of operations and unaudited condensed consolidated statement of cash flows. In addition, the assets and liabilities of the Commercial and Residential Fire Business have been reclassified to held for sale at December 31, 2023. The results of the Commercial Refrigeration business did not meet the criteria to be presented in discontinued operations. Accordingly, all financial measures presented herein, including non-GAAP financial measures, are associated with Carrier's continuing operations unless specifically noted.

Q3 2024 Adjusted EPS* Bridge



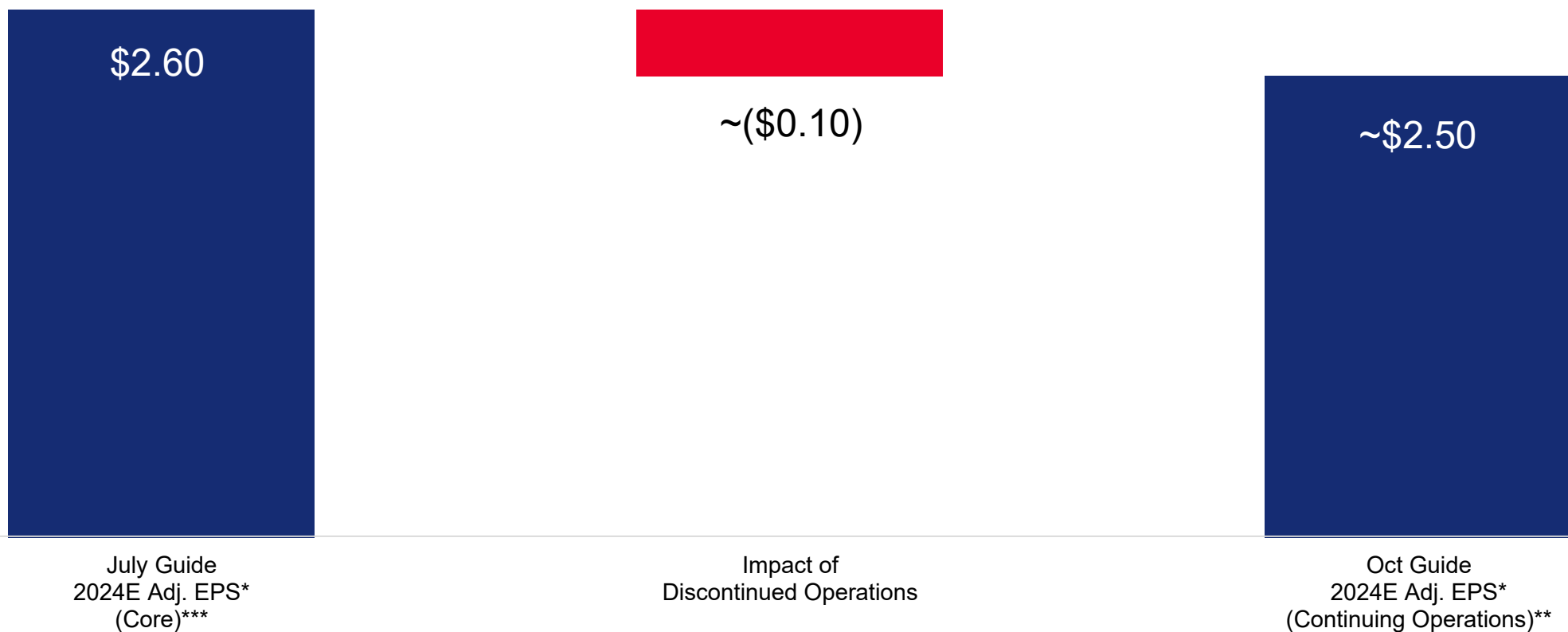
FY 2024 Adjusted EPS* Guide to Guide Bridge



*See appendix for additional information regarding non-GAAP measures

** Continuing Operations includes Carrier businesses that will be retained in addition to Commercial Refrigeration for time periods prior to the sale

FY 2024 Adjusted EPS*: Core*** to Continuing Ops Bridge

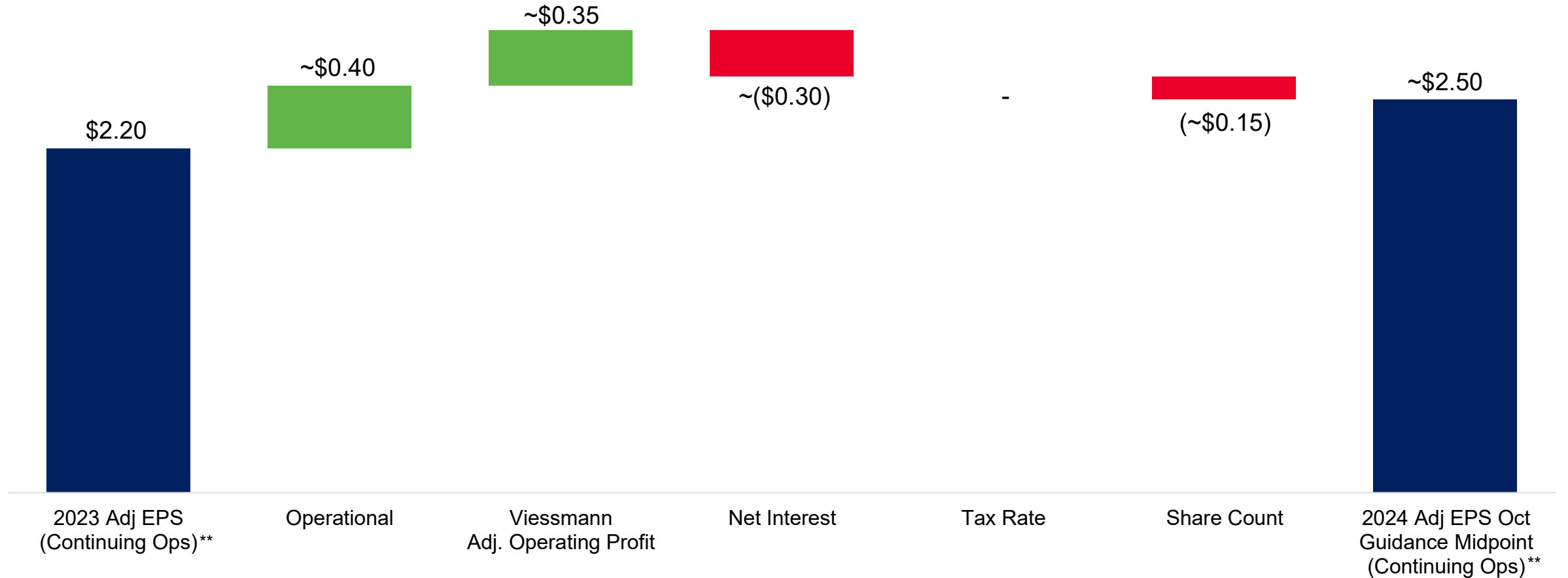


*See appendix for additional information regarding non-GAAP measures

** Continuing Operations includes Carrier businesses that will be retained in addition to Commercial Refrigeration for time periods prior to the sale

***Core includes the Carrier businesses that will be retained plus Viessmann Climate Solutions

FY 2024 Adjusted EPS* Guidance Bridge



*See appendix for additional information regarding non-GAAP measures

** Continuing Operations includes Carrier businesses that will be retained in addition to Commercial Refrigeration for time periods prior to the sale

Additional Items

	Current Guidance** (Includes Viessmann Climate Solutions)
Shares outstanding (diluted)	910M - 915M
Corporate expenses / eliminations and other	~\$250M
Adjusted interest expense, net*	\$450M - \$470M
Adjusted effective tax rate*	~23%
Capital expenditures	~\$500M
Depreciation & amortization	~\$1.2B



*See appendix for additional information regarding non-GAAP measures
**As of October 24, 2024

Continuing Operations – Historical Figures [Part 1]

	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
<i>(In millions, except per share amounts)</i>	2022	2023	2023	2023	2023	2023	2024	2024	2024
Net sales	\$ 17,288	\$ 4,517	\$ 5,183	\$ 4,935	\$ 4,316	\$ 18,951	\$ 5,420	\$ 5,934	\$ 5,984
Operating profit	\$ 3,991	\$ 460	\$ 651	\$ 510	\$ 539	\$ 2,160	\$ 385	\$ 724	\$ 763
<i>Operating margin</i>	23.1 %	10.2 %	12.6 %	10.3 %	12.5 %	11.4 %	7.1 %	12.2 %	12.8 %
Summary of adjustments:									
Restructuring costs	20	4	10	29	32	75	8	29	60
Amortization of acquired intangibles	46	37	36	35	35	143	172	170	175
Acquisition step-up amortization	51	11	10	10	10	41	111	109	31
Acquisition/divestiture-related costs	31	12	11	35	65	123	48	24	15
Chubb gain	(1,105)	—	—	—	—	—	—	—	—
TCC acquisition-related gain	(705)	8	—	—	—	8	—	—	—
Russia impairment	3	—	—	—	—	—	—	—	—
Charge resulting from legal matter	22	—	—	—	—	—	—	—	—
Viessmann-related hedges	—	—	111	257	(272)	96	86	—	—
Bridge loan financing costs	—	—	—	1	2	3	—	—	—
Gain on liability adjustment	—	—	—	—	—	—	(46)	—	—
Total operating profit adjustments	(1,637)	72	178	367	(128)	489	379	332	281
Adjusted operating profit	\$ 2,354	\$ 532	\$ 829	\$ 877	\$ 411	\$ 2,649	\$ 764	\$ 1,056	\$ 1,044
<i>Operating margin</i>	13.6 %	11.8 %	16.0 %	17.8 %	9.5 %	14.0 %	14.1 %	17.8 %	17.4 %

Continuing Operations – Historical Figures [Part 2]

	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
<i>(In millions, except per share amounts)</i>	2022	2023	2023	2023	2023	2023	2024	2024	2024
Earnings from continuing operations	\$ 3,164	\$ 307	\$ 393	\$ 270	\$ 417	\$ 1,387	\$ 177	\$ 415	\$ 565
Total operating profit adjustments	(1,637)	72	178	367	(128)	489	379	332	281
Debt extinguishment (gain)	(28)	—	—	—	—	—	—	—	(97)
Debt prepayment costs	—	—	—	—	—	—	—	—	11
Bridge loan financing costs	—	—	21	11	17	49	—	12	—
Tax on adjustments	176	(15)	(19)	(29)	(20)	(83)	(86)	(77)	(54)
Tax specific adjustments	(37)	—	—	19	17	36	—	(10)	—
Adjusted earnings from continuing operations	\$ 1,638	\$ 364	\$ 573	\$ 638	\$ 303	\$ 1,878	\$ 470	\$ 672	\$ 706
Diluted earnings per share									
Reported	\$3.67	\$0.36	\$0.46	\$0.32	\$0.49	\$1.63	\$0.19	\$0.45	\$0.62
Adjusted	\$1.90	\$0.43	\$0.67	\$0.75	\$0.35	\$2.20	\$0.51	\$0.73	\$0.77
Diluted shares outstanding	861.3	852.2	852.2	854.8	854.8	853.0	913.0	915.3	915.0

Carrier Q3 2024 vs 2023 Sales Reconciliation

Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023

(Unaudited)

	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	6 %	— %	20 %	— %	26 %
Refrigeration	1 %	— %	— %	— %	1 %
Consolidated	4 %	— %	17 %	— %	21 %

Q3 2024 Adjusted Operating Profit Reconciliation

<i>(In millions)</i>	(Unaudited)				
	Three Months Ended September 30, 2024				
	HVAC	Refrigeration	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	\$ 5,058	\$ 938	\$ (12)	\$ —	\$ 5,984
Segment operating profit	\$ 741	\$ 109	\$ (25)	\$ (62)	\$ 763
<i>Reported operating margin</i>	<i>14.7 %</i>	<i>11.6 %</i>			<i>12.8 %</i>
Adjustments to segment operating profit:					
Restructuring costs	\$ 54	\$ 4	\$ 2	\$ —	\$ 60
Amortization of acquired intangibles	175	—	—	—	175
Acquisition step-up amortization ⁽¹⁾	31	—	—	—	31
Acquisition/divestiture-related costs	—	4	—	11	15
Total adjustments to operating profit	<u>\$ 260</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 11</u>	<u>\$ 281</u>
Adjusted operating profit	\$ 1,001	\$ 117	\$ (23)	\$ (51)	\$ 1,044
<i>Adjusted operating margin</i>	<i>19.8 %</i>	<i>12.5 %</i>			<i>17.4 %</i>

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

Q3 2023 Adjusted Operating Profit Reconciliation

<i>(In millions)</i>	(Unaudited)				
	Three Months Ended September 30, 2023				
	HVAC	Refrigeration	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	\$ 4,008	\$ 924	\$ 3	\$ —	\$ 4,935
Segment operating profit	\$ 763	\$ 107	\$ (252)	\$ (108)	\$ 510
<i>Reported operating margin</i>	<i>19.0 %</i>	<i>11.6 %</i>			<i>10.3 %</i>
Adjustments to segment operating profit:					
Restructuring costs	\$ 25	\$ 4	\$ —	\$ —	\$ 29
Amortization of acquired intangibles	35	—	—	—	35
Acquisition step-up amortization ⁽¹⁾	10	—	—	—	10
Acquisition/divestiture-related costs	—	—	—	35	35
Bridge loan financing costs	—	—	1	—	1
Viessmann-related hedges	—	—	257	—	257
Total adjustments to operating profit	\$ 70	\$ 4	\$ 258	\$ 35	\$ 367
Adjusted operating profit	\$ 833	\$ 111	\$ 6	\$ (73)	\$ 877
<i>Adjusted operating margin</i>	<i>20.8 %</i>	<i>12.0 %</i>			<i>17.8 %</i>

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

YTD 2024 Adjusted Operating Profit Reconciliation

	(Unaudited)				
	Nine Months Ended September 30, 2024				
<i>(In millions)</i>	HVAC	Refrigeration	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	\$ 14,569	\$ 2,795	\$ (26)	\$ —	\$ 17,338
Segment operating profit	\$ 1,857	\$ 319	\$ (84)	\$ (220)	\$ 1,872
<i>Reported operating margin</i>	<i>12.7 %</i>	<i>11.4 %</i>			<i>10.8 %</i>
Adjustments to segment operating profit:					
Restructuring costs	\$ 86	\$ 5	\$ 6	\$ —	\$ 97
Amortization of acquired intangibles	517	—	—	—	517
Acquisition step-up amortization ⁽¹⁾	251	—	—	—	251
Acquisition/divestiture-related costs	1	10	—	76	87
Viessmann-related hedges	—	—	86	—	86
Gain on liability adjustment ⁽²⁾	—	—	(46)	—	(46)
Total adjustments to operating profit	\$ 855	\$ 15	\$ 46	\$ 76	\$ 992
Adjusted operating profit	\$ 2,712	\$ 334	\$ (38)	\$ (144)	\$ 2,864
<i>Adjusted operating margin</i>	<i>18.6 %</i>	<i>11.9 %</i>			<i>16.5 %</i>

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

⁽²⁾ Gain associated with an adjustment to our tax-related liability owed to UTC.

YTD 2023 Adjusted Operating Profit Reconciliation

<i>(In millions)</i>	(Unaudited)				
	Nine Months Ended September 30, 2023				
	HVAC	Refrigeration	Eliminations and Other	General Corporate Expenses	Carrier
Net sales	\$ 11,846	\$ 2,794	\$ (5)	\$ —	\$ 14,635
Segment operating profit	\$ 1,940	\$ 327	\$ (399)	\$ (247)	\$ 1,621
<i>Reported operating margin</i>	<i>16.4 %</i>	<i>11.7 %</i>			<i>11.1 %</i>
Adjustments to segment operating profit:					
Restructuring costs	\$ 27	\$ 14	\$ 2	\$ —	\$ 43
Amortization of acquired intangibles	108	—	—	—	108
Acquisition step-up amortization ⁽¹⁾	31	—	—	—	31
Acquisition/divestiture-related costs	—	—	—	58	58
Bridge loan financing costs	—	—	1	—	1
Viessmann-related hedges	—	—	368	—	368
TCC acquisition-related gain ⁽³⁾	8	—	—	—	8
Total adjustments to operating profit	\$ 174	\$ 14	\$ 371	\$ 58	\$ 617
Adjusted operating profit	\$ 2,114	\$ 341	\$ (28)	\$ (189)	\$ 2,238
<i>Adjusted operating margin</i>	<i>17.8 %</i>	<i>12.2 %</i>			<i>15.3 %</i>

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

⁽³⁾ The carrying value of our previously held TCC equity investments were recognized at fair value and subsequently adjusted.

Q3 and YTD 2024 EPS Reconciliation

(Unaudited)

(In millions, except per share amounts)	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 5,984	\$ —	\$ 5,984	\$ 17,338	\$ —	\$ 17,338
Operating profit	\$ 763	281 a	\$ 1,044	\$ 1,872	992 a	\$ 2,864
Operating margin	12.8 %		17.4 %	10.8 %		16.5 %
Earnings before income taxes	\$ 770	195 a,b	\$ 965	\$ 1,581	918 a,b	\$ 2,499
Income tax (expense) benefit	\$ (172)	(54) c	\$ (226)	\$ (339)	(227) c	\$ (566)
Effective tax rate	22.3 %		23.4 %	21.4 %		22.6 %
Earnings from continuing operations attributable to common shareowners	\$ 564	\$ 141	\$ 705	\$ 1,156	\$ 691	\$ 1,847
Summary of Adjustments:						
Restructuring costs		\$ 60 a			\$ 97 a	
Amortization of acquired intangibles		175 a			517 a	
Acquisition step-up amortization ⁽¹⁾		31 a			251 a	
Acquisition/divestiture-related costs		15 a			87 a	
Viessmann-related hedges		— a			86 a	
Gain on liability adjustment ⁽²⁾		— a			(46) a	
Debt extinguishment (gain)		(97) b			(97) b	
Debt prepayment costs		11 b			23 b	
Total adjustments		\$ 195			\$ 918	
Tax effect on adjustments above		\$ (54)			\$ (227)	
Tax specific adjustments		—			—	
Total tax adjustments		\$ (54) c			\$ (227) c	
Diluted shares outstanding	915.0		915.0	914.4		914.4
Diluted earnings per share:						
Continuing operations	\$ 0.62		\$ 0.77	\$ 1.26		\$ 2.02

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

⁽²⁾ Gain associated with an adjustment to our tax-related liability owed to UTC.

Q3 and YTD 2023 EPS Reconciliation

(Unaudited)

(In millions, except per share amounts)	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 4,935	\$ —	\$ 4,935	\$ 14,635	\$ —	\$ 14,635
Operating profit	\$ 510	367 a	\$ 877	\$ 1,621	617 a	\$ 2,238
Operating margin	10.3 %		17.8 %	11.1 %		15.3 %
Earnings before income taxes	\$ 471	378 a,b	\$ 849	\$ 1,495	649 a,b	\$ 2,144
Income tax (expense) benefit	\$ (177)	(10) c	\$ (187)	\$ (453)	(44) c	\$ (497)
Effective tax rate	37.6 %		22.0 %	30.3 %		23.2 %
Earnings from continuing operations attributable to common shareowners	\$ 270	\$ 368	\$ 638	\$ 970	\$ 605	\$ 1,575
Summary of Adjustments:						
Restructuring costs		\$ 29 a			\$ 43 a	
Amortization of acquired intangibles		35 a			108 a	
Acquisition step-up amortization ⁽¹⁾		10 a			31 a	
Acquisition/divestiture-related costs		35 a			58 a	
Viessmann-related hedges		257 a			368 a	
TCC acquisition-related gain ⁽²⁾		— a			8 a	
Bridge loan financing costs ⁽³⁾		12 a,b			33 a,b	
Total adjustments		\$ 378			\$ 649	
Tax effect on adjustments above		\$ (29)			\$ (63)	
Tax specific adjustments		19			19	
Total tax adjustments		\$ (10) c			\$ (44) c	
Diluted shares outstanding	854.7		854.7	852.7		852.7
Diluted earnings per share:						
Continuing operations	\$ 0.32		\$ 0.75	\$ 1.14		\$ 1.85

⁽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⁾ Includes commitment fees recognized in *Selling, general and administrative*.

Preliminary Free Cash Flow Reconciliation

<i>(In millions)</i>	(Unaudited)	
	Nine Months Ended September 30,	
	2024	2023
Preliminary net cash flows provided by (used in) operating activities	\$ 431	\$ 1,545
Less: Capital expenditures ⁽¹⁾	312	236
Free cash flow	\$ 119	\$ 1,309

⁽¹⁾Includes \$10 million and \$19 million of capital expenditures related to discontinued operations, respectively.

Net Debt Reconciliation

<i>(In millions)</i>	(Unaudited)	
	September 30, 2024	December 31, 2023
Long-term debt	\$ 10,337	\$ 14,242
Current portion of long-term debt	2,095	51
Less: Cash and cash equivalents	2,225	9,852
Net debt	\$ 10,207	\$ 4,441

Q3 2024 Discontinued Operations EPS Reconciliation

<i>(In millions, except per share amounts)</i>	<u>(Unaudited)</u> <u>Three Months</u> <u>Ended</u> <u>September 30,</u> <u>2024</u>
Discontinued operations, net of tax	\$ (117)
Summary of adjustments, net of tax:	
Divestiture-related costs	\$ 33
Gain on sale of Industrial business	(310)
AFFF legal reserve	420
Tax specific adjustments	26
Total adjustments	<u>\$ 169</u>
Adjusted Discontinued operations, net of tax	\$ 52
Adjusted diluted earnings per share	\$ 0.06

Q3 2024 Total Adjusted EPS Reconciliation

<i>(In millions)</i>	<u>(Unaudited)</u>
	<u>Three Months</u>
	<u>Ended</u>
	<u>September 30,</u>
	<u>2024</u>
Continuing operations	\$ 0.77
Discontinued operations	0.06
Total	\$ 0.83