Carrier

Q1 2023 EARNINGS CONFERENCE CALL

April 25, 2023

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 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.

Q1 2023 Summary

Sales	$5,273M *Organic* +4% Y/Y*
Adjusted Operating Profit*	$642M
Adjusted EPS*	$0.52
Free Cash Flow*	$50M

Highlights
High-teens aftermarket growth
Strength in commercial HVAC, light commercial HVAC, controls and global truck/trailer
Container and commercial refrigeration sales decline
Orders grew in the quarter and improved as the quarter progressed

Q1 better than our expectations; on-track for full year guidance

*See appendix for additional information regarding non-GAAP measures

Sustainability and Healthy Building Leadership

Sustainability Leadership	
	• NA residential heat pump sales up over 20% in Q1 • European commercial heat pump sales up 20% in Q1 • New Syberia eCool units advance cold chain electrification leadership

Healthy Building Leadership	
	• Orders up over 20% Y/Y in Q1 • Pipeline at ~$1.2B; up more than 50% Y/Y • K-12 pipeline up ~40% Y/Y

Highlights and Key Wins:

- ✓ Ranked No. 8 on Barron's 100 Most Sustainable Companies 2023 List
- ✓ Named best HVAC company by U.S. News & World Report for second consecutive year
- ✓ Launched Carbon Air Purifier with UV to further support healthy homes
- ✓ Received acclaimed awards in China for Toshiba's advanced energy-efficient rotary compressor and inverter technology
- ✓ Committed to set GHG reduction targets in line with a Science Based Targets Initiative (SBTi) criteria

Continued strong momentum in key growth initiatives

Q1 2023 Results

	Q1 2023	Q1 2022	Y/Y
Sales	$5,273M	$4,654M	13%
Organic sales*			4%
Acquisitions / divestitures, net			11%
FX			(2%)
Adjusted operating profit*	$642M	$655M	(2%)
Adjusted operating margin*	12.2%	14.1%	(190 bps)
Adjusted effective tax rate*	23.5%	16.1%	
Adjusted EPS*	$0.52	$0.55	
Free cash flow*	$50M	($258M)	

*See appendix for additional information regarding non-GAAP measures

Q1 2023 HVAC Results

	Q1 2023	Y/Y
Sales	$3,622M	22%
Organic sales*		6%
Acquisitions / divestitures, net		18%
FX		(2%)
Adjusted operating profit*	$490M	3%
Adjusted operating margin*	13.5%	(260 bps)

High performance Toshiba heating and cooling equipment has been used in combination with a solar photovoltaic (PV) and battery storage system as part of a project to help future-proof a five-bedroom home in Cheshire, UK. The Toshiba solution is supported by a 16kW solar PV installation plus 11kW of battery storage and measures including triple-glazing. Homeowner and renewables consultant Dave Meseck says the property is now “energy-neutral” during the summer months, with generated and stored energy offsetting electricity consumed from the grid.

Highlights
HVAC orders up double-digits organically Y/Y
NA Residential HVAC sales down HSD
Light commercial sales grew over 30% Y/Y
Commercial HVAC sales up double-digits Y/Y
Commercial HVAC backlog up double-digits Y/Y and up sequentially from Q4 2022
Better than expected TCC profit contribution but ~100 bps dilutive to margins

*See appendix for additional information regarding non-GAAP measures

Q1 2023 Refrigeration Results

	Q1 2023	Y/Y
Sales	$898M	(8%)
Organic sales*		(5%)
FX		(3%)
Adjusted operating profit*	$111M	(1%)
Adjusted operating margin*	12.4%	90 bps

To expand its sustainable offerings in France, the Chinese auto manufacturer Jianghuai Automobile Co. Ltd. (JAC Motors) has equipped its first all-electric truck with Carrier Transicold's Xarios® 8 refrigeration unit and power box converter. The entire vehicle is electric, from the truck's engine to the refrigeration unit, eliminating any direct engine emissions while maintaining the truck's performance levels and range. Carrier Transicold specifically designed the refrigeration system to meet the customer's requirements, and it is ultra-quiet, with a noise level below the 60 dB(A) required by the PIEK standard.

Highlights

Global Truck/Trailer sales up nearly 30%, orders up more than 20% Y/Y

Container and Commercial Refrigeration sales and orders down Y/Y as expected

Q1 helped by a one-time gain on a planned sale

*See appendix for additional information regarding non-GAAP measures

Q1 2023 Fire & Security Results

	Q1 2023	Y/Y
Sales	$869M	6%
Organic sales*		9%
FX		(3%)
Adjusted operating profit*	$108M	(8%)
Adjusted operating margin*	12.4%	(190 bps)

Kidde Fire Systems secured an order for the NEOM Grid renewable energy project, part of the NEOM south location in Duba Saudi Arabia, to protect four substations with clean agent suppression systems which covers GIS rooms, control rooms, telecom rooms, uninterrupted power supply and battery rooms.

Highlights

Commercial Fire sales up double-digits

~20% sales growth in Access solutions

Double-digit sales growth in Asia and EMEA

Mid-single digit sales growth in the Americas

Margin decline as expected; no change to full-year margin guidance

*See appendix for additional information regarding non-GAAP measures

Organic Order Trends

Orders by Key Business Line	Q1 2023 (Y/Y)
HVAC*	~5%
Residential & Light Commercial	*5% - 10%*
*Commercial HVAC**	*5% - 10%*
Refrigeration	(5%) – 0%
Transport Refrigeration	*~5%*
Commercial Refrigeration	*~(20)%*
Fire & Security	
Fire & Security Products	*~(5%)*
Total Carrier*	0% – 5%

Orders by Geography	Q1 2023 (Y/Y)
Americas*	5% - 10%
EMEA	~(10%)
China	(5%) – 0%
Asia excluding China	0% – 5%

Backlog up double-digits year-over-year

*Excludes NORESCO

2023 Guidance

	2/7/2023 Guidance	4/25/2023 Guidance**
Sales	~$22B Organic* up LSD - MSD *FX (~1%)* *Acquisitions +~6%*	~$22B Organic* up LSD - MSD *FX ~0%* *Acquisitions +~6%*
Adjusted Operating Margin*	~14% *Includes ~50 bps negative impact from TCC*	~14% *Includes ~50 bps negative impact from TCC*
Adjusted EPS*	$2.50 - $2.60	$2.50 - $2.60
Free Cash Flow*	~$1.9B	~$1.9B

Solid start to 2023; on-track for another strong year

Carrier

*See appendix for additional information regarding non-GAAP measures
**As of April 25, 2023

Summary

- Solid start to the year and targeting another strong year in 2023
- Q1 aftermarket up high-teens; continued momentum on key growth initiatives
- Orders increased Y/Y in Q1 and improved as the quarter progressed
- Maintaining adjusted EPS guidance range

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, 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, diluted EPS and net cash flows provided by operating activities) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, future restructuring costs, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Additional Items

	2/7/2023 guidance	4/25/2023 guidance**
Shares outstanding (diluted)	~840M	850M – 855M
Corporate expenses / eliminations	~$200M	~$200M
Adjusted interest expense, net*	~$225M	~$185M - $190M
Adjusted effective tax rate*	~23%	~23%
Non-service pension income / (expense)	~$0M	~$0M
Capital expenditures	~$400M	~$400M
Depreciation & amortization	~$500M	~$500M

*See appendix for additional information regarding non-GAAP measures
**As of April 25, 2023

Carrier Q1 2023 vs 2022 Sales Reconciliation

Y/Y %

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

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	**FX Translation**	**Acquisitions / Divestitures, net**	**Other**	**Total**
HVAC	6 %	(2) %	18 %	— %	22 %
Refrigeration	(5) %	(3) %	— %	— %	(8) %
Fire & Security	9 %	(3) %	— %	— %	6 %
Consolidated	**4 %**	**(2)%**	**11 %**	**— %**	**13 %**

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

2023 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited)					
	Three Months Ended March 31, 2023					
Net sales	**$ 3,622**	**$ 898**	**$ 869**	**$ (116)**	**$ —**	**$ 5,273**
Segment operating profit	**$ 435**	**$ 108**	**$ 93**	**$ (38)**	**$ (43)**	**$ 555**
Reported operating margin	*12.0 %*	*12.0 %*	*10.7 %*			*10.5 %*
Adjustments to segment operating profit:						
Restructuring costs	$ (1)	$ 3	$ 13	$ 2	$ —	$ 17
Amortization of acquired intangibles	37	—	2	—	—	39
Acquisition step-up amortization (1)	11	—	—	—	—	11
Acquisition-related costs	—	—	—	—	12	12
TCC acquisition-related gain (2)	8	—	—	—	—	8
Total adjustments to operating profit	$ 55	$ 3	$ 15	$ 2	$ 12	$ 87
Adjusted operating profit	**$ 490**	**$ 111**	**$ 108**	**$ (36)**	**$ (31)**	**$ 642**
Adjusted operating margin	*13.5 %*	*12.4 %*	*12.4 %*			*12.2 %*

(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 and subsequently adjusted.

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

2022 Adjusted Operating Profit Reconciliation

(In millions)	HVAC	Refrigeration	Fire & Security	Eliminations and Other	General Corporate Expenses	Carrier
	(Unaudited) Three Months Ended March 31, 2022					
Net sales	**$ 2,970**	**$ 976**	**$ 818**	**$ (110)**	**$ —**	**$ 4,654**
Segment operating profit	**$ 470**	**$ 107**	**$ 1,218**	**$ (24)**	**$ (34)**	**$ 1,737**
Reported operating margin	*15.8 %*	*11.0 %*	*148.9 %*			*37.3 %*
Adjustments to segment operating profit:						
Restructuring costs	$ 4	$ —	$ 6	$ —	$ —	$ 10
Amortization of acquired intangibles	4	—	1	—	—	5
Acquisition-related costs	—	—	—	—	6	6
Chubb gain	—	—	(1,112)	—	—	(1,112)
Russia/Ukraine asset impairment	—	5	4	—	—	9
Total adjustments to operating profit	$ 8	$ 5	$ (1,101)	$ —	$ 6	$ (1,082)
Adjusted operating profit	**$ 478**	**$ 112**	**$ 117**	**$ (24)**	**$ (28)**	**$ 655**
Adjusted operating margin	*16.1 %*	*11.5 %*	*14.3 %*			*14.1 %*

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Q1 2023 EPS Reconciliation

(In millions, except per share amounts)	(Unaudited) Three Months Ended March 31, 2023 Reported	Adjustments		Adjusted
Net sales	**$ 5,273**	**$ —**		**$ 5,273**
Operating profit	$ 555	87	a	$ 642
Operating margin	*10.5 %*			*12.2 %*
Income from operations before income taxes	$ 509	87	a	$ 596
Income tax expense	$ (122)	(18)	c	$ (140)
Income tax rate	*24.0 %*			*23.5 %*
Net income attributable to common shareowners	**$ 373**	**$ 69**		**$ 442**
Summary of Adjustments:				
Restructuring costs		$ 17	a	
Amortization of acquired intangibles		39	a	
Acquisition step-up amortization (1)		11	a	
Acquisition-related costs		12	a	
TCC acquisition-related gain (2)		8	a	
Total adjustments		$ 87		
Tax effect on adjustments above		$ (18)		
Total tax adjustments		$ (18)	c	
Shares outstanding - Diluted	852.2			852.2
Earnings per share - Diluted	**$ 0.44**			**$ 0.52**

(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.

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

Q1 2022 EPS Reconciliation

	(Unaudited)		
	Three Months Ended March 31, 2022		
(In millions, except per share amounts)	Reported	Adjustments	Adjusted
Net sales	**$ 4,654**	**$ —**	**$ 4,654**
Operating profit	$ 1,737	(1,082) a	$ 655
Operating margin	*37.3 %*		*14.1 %*
Income from operations before income taxes	$ 1,688	(1,110) a,b	$ 578
Income tax expense	$ (301)	208 c	$ (93)
Income tax rate	*17.8 %*		*16.1 %*
Net income attributable to common shareowners	**$ 1,379**	**$ (902)**	**$ 477**
Summary of Adjustments:			
Restructuring costs		$ 10 a	
Amortization of acquired intangibles		5 a	
Acquisition-related costs		6 a	
Chubb gain		(1,112) a	
Russia/Ukraine asset impairment		9 a	
Debt extinguishment (gain), net (1)		(28) b	
Total adjustments		$ (1,110)	
Tax effect on adjustments above		$ 208	
Tax specific adjustments		—	
Total tax adjustments		$ 208 c	
Shares outstanding - Diluted	874.1		874.1
Earnings per share - Diluted	**$ 1.58**		**$ 0.55**

(1) 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.

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Free Cash Flow Reconciliation

	(Unaudited)					
(In millions)	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**FY 2022**	**Q1 2023**
Net cash flows provided by (used in) operating activities	$ (202)	$ 32	$ 790	$ 1,123	$ 1,743	$ 120
Less: Capital expenditures	56	66	91	140	353	70
Free cash flow	**$ (258)**	**$ (34)**	**$ 699**	**$ 983**	**$ 1,390**	**$ 50**

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Net Debt Reconciliation

	(Unaudited)	
(In millions)	**March 31, 2023**	**December 31, 2022**
Long-term debt	$ 8,708	$ 8,702
Current portion of long-term debt	142	140
Less: Cash and cash equivalents	3,347	3,520
Net debt	**$ 5,503**	**$ 5,322**

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

Amortization of Acquired Intangibles

	(Unaudited)				
	Q1	**Q2**	**Q3**	**Q4**	**FY**
(In millions)	**2022**	**2022**	**2022**	**2022**	**2022**
HVAC	$ 4	$ 4	$ 16	$ 22	$ 46
Fire & Security	1	1	1	1	4
Total Carrier	5	5	17	23	50
Associated tax effect	(1)	(1)	(7)	(4)	(13)
Net impact to adjusted results	**$ 4**	**$ 4**	**$ 10**	**$ 19**	**$ 37**

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