



BARCLAYS INDUSTRIAL SELECT CONFERENCE

February 24, 2022



Forward-Looking Statements

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 or the separation from United Technologies Corporation (the "Separation"), since renamed Raytheon Technologies Corporation. 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, the estimated costs associated with the Separation, 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.

GAAP RECONCILIATIONS

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 follows. 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"), the 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 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 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. Net debt represents long-term debt (a GAAP measure) less cash and cash equivalents. For the business segments, when applicable, adjustments of operating profit and operating margins represent operating profit, excluding restructuring 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.

When we provide our expectations for organic sales, adjusted operating profit, adjusted operating margin, 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, 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.

Carrier 2021 vs 2020 Sales Reconciliation

Y/Y %

Three Months Ended December 31, 2021 Compared with Three Months Ended December 31, 2020

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	14%	—%	3%	—%	17%
Refrigeration	17%	(2)%	—%	—%	15%
Fire & Security	3%	(1)%	—%	—%	2%
Consolidated	11%	(1)%	2%	—%	12%

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	17%	1%	2%	—%	20%
Refrigeration	21%	3%	—%	—%	24%
Fire & Security	7%	4%	—%	—%	11%
Consolidated	15%	2%	1%	—%	18%



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

Segment Adjusted Operating Profit Reconciliation

(In millions - Income (Expense))	(Unaudited)			
	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
HVAC				
Net sales	\$ 2,730	\$ 2,336	\$ 11,390	\$ 9,478
Operating profit	\$ 227	\$ 1,098	\$ 1,738	\$ 2,462
Restructuring	(15)	(4)	(33)	(7)
Impairment of joint venture investment	—	—	—	(71)
Gain on sale of joint venture	—	871	—	1,123
Charge resulting from litigation matter	—	—	—	(11)
Separation costs	—	—	—	(2)
Acquisition and other related costs	—	—	(5)	—
Adjusted operating profit	\$ 242	\$ 231	\$ 1,776	\$ 1,430
Refrigeration				
Net sales	\$ 1,090	\$ 949	\$ 4,127	\$ 3,333
Operating profit	\$ 107	\$ 94	\$ 476	\$ 357
Restructuring	(18)	(10)	(25)	(12)
Separation costs	—	(6)	—	(6)
Adjusted operating profit	\$ 125	\$ 110	\$ 501	\$ 375
Fire & Security				
Net sales	\$ 1,431	\$ 1,398	\$ 5,515	\$ 4,985
Operating profit	\$ 182	\$ 158	\$ 662	\$ 584
Restructuring	(3)	(15)	(26)	(28)
Separation costs	—	(13)	—	(16)
Chubb transaction costs	(14)	—	(42)	—
Adjusted operating profit	\$ 199	\$ 186	\$ 730	\$ 628

(In millions - Income (Expense))	(Unaudited)			
	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
General Corporate Expenses and Eliminations and Other				
Net sales	\$ (118)	\$ (89)	\$ (419)	\$ (340)
Operating profit	\$ (53)	\$ (105)	\$ (231)	\$ (320)
Restructuring	(1)	(1)	(5)	(2)
Separation costs	(1)	(30)	(20)	(117)
Chubb transaction costs	—	—	(1)	—
Other	(2)	—	(2)	—
Adjusted operating profit	\$ (49)	\$ (74)	\$ (203)	\$ (201)
Carrier				
Net sales	\$ 5,133	\$ 4,594	\$ 20,613	\$ 17,456
Operating profit	\$ 463	\$ 1,245	\$ 2,645	\$ 3,083
Total restructuring costs	(37)	(30)	(89)	(49)
Total non-recurring and non-operational items	(17)	822	(70)	900
Adjusted operating profit	\$ 517	\$ 453	\$ 2,804	\$ 2,232



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

2021 EPS Reconciliation

(In millions, except per share amounts)	(Unaudited)					
	For the Three Months Ended December 31, 2021			For the Year Ended December 31, 2021		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 5,133	\$ —	\$ 5,133	\$ 20,613	\$ —	\$ 20,613
Operating profit	\$ 463	54 a	\$ 517	\$ 2,645	159 a	\$ 2,804
Operating margin	9.0 %		10.1 %	12.8 %		13.6 %
Income from operations before income taxes	\$ 405	54 a,b	\$ 459	\$ 2,400	178 a,b	\$ 2,578
Income tax expense	\$ (73)	11 c	\$ (62)	\$ (699)	171 c	\$ (528)
Income tax rate	18.0 %		13.5 %	29.1 %		20.5 %
Net income attributable to common shareowners	\$ 324	\$ 65	\$ 389	\$ 1,664	\$ 349	\$ 2,013
Summary of Adjustments:						
Restructuring costs		\$ 37 a			\$ 89 a	
Separation costs		1 a			20 a	
Acquisition and other related costs		2 a			7 a	
Chubb transaction costs		14 a			43 a	
Debt prepayment costs		— b			19 b	
Total adjustments		\$ 54			\$ 178	
Tax effect on adjustments above		\$ (10)			\$ (29)	
Tax specific adjustments		21			200	
Total tax adjustments		\$ 11 c			\$ 171 c	
Shares outstanding - Diluted	888.5		888.5	890.3		890.3
Earnings per share - Diluted	\$ 0.36		\$ 0.44	\$ 1.87		\$ 2.26



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

2020 EPS Reconciliation

(In millions, except per share amounts)	(Unaudited)					
	For the Three Months Ended December 31, 2020			For the Year Ended December 31, 2020		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 4,594	\$ —	\$ 4,594	\$ 17,456	\$ —	\$ 17,456
Operating profit	\$ 1,245	(792) a	\$ 453	\$ 3,083	(851) a	\$ 2,232
Operating margin	27.1 %		9.9 %	17.7 %		12.8 %
Income from operations before income taxes	\$ 1,176	(792) a,b	\$ 384	\$ 2,855	(846) a,b	\$ 2,009
Income tax expense	\$ (289)	188 c	\$ (101)	\$ (849)	326 c	\$ (523)
Income tax rate	24.5 %		26.3 %	29.7 %		26.0 %
Net income attributable to common shareowners	\$ 884	\$ (604)	\$ 280	\$ 1,982	\$ (520)	\$ 1,462
Summary of Adjustments:						
Restructuring costs		\$ 30 a			\$ 49 a	
Gain on sale of joint venture		(871) a			(1,123) a	
Impairment of equity method investment		— a			71 a	
Charge resulting from litigation matter		— a			11 a	
Separation costs		49 a			141 a	
Debt issuance costs		— b			5 b	
Total adjustments		\$ (792)			\$ (846)	
Tax effect on adjustments above		\$ 188			\$ 217	
Tax specific adjustments		—			109	
Total tax adjustments		\$ 188 c			\$ 326 c	
Shares outstanding - Diluted	888.4		888.4	880.2		880.2
Earnings per share - Diluted	\$ 1.00		\$ 0.31	\$ 2.25		\$ 1.66



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

Segment Net Sales and Operating Profit

<i>(In millions)</i>	(Unaudited)							
	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2021		2020		2021		2020	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Net sales								
HVAC	\$ 2,730	\$ 2,730	\$ 2,336	\$ 2,336	\$ 11,390	\$ 11,390	\$ 9,478	\$ 9,478
Refrigeration	1,090	1,090	949	949	4,127	4,127	3,333	3,333
Fire & Security	1,431	1,431	1,398	1,398	5,515	5,515	4,985	4,985
Segment sales	5,251	5,251	4,683	4,683	21,032	21,032	17,796	17,796
Eliminations and other	(118)	(118)	(89)	(89)	(419)	(419)	(340)	(340)
Net sales	\$ 5,133	\$ 5,133	\$ 4,594	\$ 4,594	\$ 20,613	\$ 20,613	\$ 17,456	\$ 17,456
Operating profit								
HVAC	\$ 227	\$ 242	\$ 1,098	\$ 231	\$ 1,738	\$ 1,776	\$ 2,462	\$ 1,430
Refrigeration	107	125	94	110	476	501	357	375
Fire & Security	182	199	158	186	662	730	584	628
Segment operating profit	516	566	1,350	527	2,876	3,007	3,403	2,433
Eliminations and other	(23)	(23)	(62)	(33)	(96)	(79)	(184)	(73)
General corporate expenses	(30)	(26)	(43)	(41)	(135)	(124)	(136)	(128)
Operating profit	\$ 463	\$ 517	\$ 1,245	\$ 453	\$ 2,645	\$ 2,804	\$ 3,083	\$ 2,232
Operating margin								
HVAC	8.3 %	8.9 %	47.0 %	9.9 %	15.3 %	15.6 %	26.0 %	15.1 %
Refrigeration	9.8 %	11.5 %	9.9 %	11.6 %	11.5 %	12.1 %	10.7 %	11.3 %
Fire & Security	12.7 %	13.9 %	11.3 %	13.3 %	12.0 %	13.2 %	11.7 %	12.6 %
Total Carrier	9.0 %	10.1%	27.1 %	9.9%	12.8%	13.6%	17.7%	12.8%

Free Cash Flow Reconciliation

<i>(In millions)</i>	(Unaudited)									
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Net cash flows provided by operating activities	\$ 47	\$ 509	\$ 937	\$ 199	\$ 1,692	\$ 184	\$ 561	\$ 579	\$ 913	\$ 2,237
Less: Capital expenditures	48	46	57	161	312	53	79	74	138	344
Free cash flow	\$ (1)	\$ 463	\$ 880	\$ 38	\$ 1,380	\$ 131	\$ 482	\$ 505	\$ 775	\$ 1,893

Net Debt Reconciliation

<i>(In millions)</i>	(Unaudited)	
	As of December 31,	
	2021 ⁽²⁾	2020 ⁽¹⁾
Long-term debt	\$ 9,513	\$ 10,036
Current portion of long-term debt	183	191
Less: Cash and cash equivalents	2,987	3,115
Net debt	\$ 6,709	\$ 7,112

⁽¹⁾ On April 1 and April 2, 2020, Carrier received cash contributions totaling \$590 million from UTC related to the Separation, resulting in net debt of approximately \$9.9 billion as of April 3, 2020.

⁽²⁾ On January 3, 2022, Carrier received net proceeds of \$2.6 billion from the Chubb divestiture, reducing our net debt to approximately \$4.1 billion upon the close of the transaction.