



BAIRD 2021 GLOBAL INDUSTRIAL CONFERENCE

November 11, 2021



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 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"), 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.

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 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 Q3 2021 vs 2020 Sales Reconciliation

Y/Y %

Three Months Ended September 30, 2021 Compared with Three Months Ended September 30, 2020

(Unaudited)					
Factors Contributing to Total % change in Net Sales					
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	2 %	1 %	3 %	— %	6 %
Refrigeration	14 %	1 %	— %	— %	15 %
Fire & Security	2 %	2 %	— %	— %	4 %
Consolidated	4 %	1 %	2 %	— %	7 %

Nine Months Ended September 30, 2021 Compared with Nine Months Ended September 30, 2020

(Unaudited)					
Factors Contributing to Total % change in Net Sales					
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	18 %	1 %	2 %	— %	21 %
Refrigeration	23 %	4 %	— %	— %	27 %
Fire & Security	9 %	5 %	— %	— %	14 %
Consolidated	16 %	3 %	1 %	— %	20 %



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

Segment Adjusted Operating Profit Reconciliation

(dollars in millions - Income (Expense))	(Unaudited)			
	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
HVAC				
Net sales	\$ 3,054	\$ 2,892	\$ 8,660	\$ 7,142
Operating profit	\$ 573	\$ 839	\$ 1,511	\$ 1,364
Restructuring	(7)	—	(18)	(3)
Gain on sales of joint venture	—	252	—	252
Impairment of joint venture investment	—	—	—	(71)
Separation costs	—	—	—	(2)
Charge resulting from litigation matter	—	(11)	—	(11)
Acquisition-related costs	(3)	—	(5)	—
Adjusted operating profit	\$ 583	\$ 598	\$ 1,534	\$ 1,199
Refrigeration				
Net sales	\$ 1,011	\$ 876	\$ 3,037	\$ 2,384
Operating profit	\$ 119	\$ 103	\$ 369	\$ 263
Restructuring	(2)	1	(7)	(2)
Adjusted operating profit	\$ 121	\$ 102	\$ 376	\$ 265
Fire & Security				
Net sales	\$ 1,377	\$ 1,324	\$ 4,084	\$ 3,587
Operating profit	\$ 182	\$ 200	\$ 480	\$ 426
Restructuring	(3)	(4)	(23)	(13)
Separation costs	—	—	—	(3)
Chubb transaction costs	(13)	—	(28)	—
Adjusted operating profit	\$ 198	\$ 204	\$ 531	\$ 442

(dollars in millions - Income (Expense))	(Unaudited)			
	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
General Corporate Expenses and Eliminations and Other				
Net sales	\$ (101)	\$ (90)	\$ (301)	\$ (251)
Operating profit	\$ (46)	\$ (61)	\$ (178)	\$ (215)
Restructuring	(1)	—	(4)	(1)
Separation costs	—	(24)	(19)	(87)
Chubb transaction costs	(1)	—	(1)	—
Adjusted operating profit	\$ (44)	\$ (37)	\$ (154)	\$ (127)
Carrier				
Net sales	\$ 5,341	\$ 5,002	\$ 15,480	\$ 12,862
Operating profit	\$ 828	\$ 1,081	\$ 2,182	\$ 1,838
Total restructuring costs	(13)	(3)	(52)	(19)
Total non-recurring and non-operational items	(17)	217	(53)	78
Adjusted operating profit	\$ 858	\$ 867	\$ 2,287	\$ 1,779

Q3 2021 EPS Reconciliation

(In millions)	(Unaudited)					
	For the Three Months Ended September 30, 2021			For the Nine Months Ended September 30, 2021		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 5,341	\$ —	\$ 5,341	\$ 15,480	\$ —	\$ 15,480
Operating profit	828	30 a	858	2,182	105 a	2,287
Operating margin	15.5 %		16.1 %	14.1 %		14.8 %
Income from operations before income taxes	768	30 a, b	798	1,995	124 a, b	2,119
Income tax expense	(288)	131 c	(157)	(626)	160 c	(466)
Income tax rate	37.5 %		19.7 %	31.4 %		22.0 %
Net income attributable to common shareowners	<u>\$ 469</u>	<u>\$ 161</u>	<u>\$ 630</u>	<u>\$ 1,340</u>	<u>\$ 284</u>	<u>\$ 1,624</u>
Summary of Adjustments:						
Restructuring costs		\$ 13 a			\$ 52 a	
Separation costs		— a			19 a	
Debt prepayment costs		— b			19 b	
Acquisition-related costs		3 a			5 a	
Chubb transaction costs		14 a			29 a	
Total adjustments		<u>\$ 30</u>			<u>\$ 124</u>	
Tax effect on adjustments above		\$ (5)			\$ (19)	
Tax specific adjustments		136			179	
Total tax adjustments		<u>\$ 131 c</u>			<u>\$ 160 c</u>	
Shares outstanding - Diluted	892.0		892.0	890.9		890.9
Earnings per share - Diluted	\$ 0.53		\$ 0.71	\$ 1.50		\$ 1.82



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

Q3 2020 EPS Reconciliation

(In millions)	(Unaudited)					
	For the Three Months Ended September 30, 2020			For the Nine Months Ended September 30, 2020		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 5,002	\$ —	\$ 5,002	\$ 12,862	\$ —	\$ 12,862
Operating profit	1,081	(214) a	867	1,838	(59) a	1,779
Operating margin	21.6 %		17.3 %	14.3 %		13.8 %
Income from operations before income taxes	1,009	(214) a,b	795	1,679	(54) a,b	1,625
Income tax expense	(261)	63 c	(198)	(560)	138 c	(422)
Income tax rate	25.9 %		24.9 %	33.4 %		26.0 %
Net income attributable to common shareowners	\$ 741	\$ (151)	\$ 590	\$ 1,098	\$ 84	\$ 1,182
Summary of Adjustments:						
Restructuring costs		\$ 3 a			\$ 19 a	
Gain on sale of joint venture		(252) a			(252) a	
Impairment of equity method investment		— a			71 a	
Charge resulting from litigation matter		11 a			11 a	
Separation costs		24 a			92 a	
Debt issuance costs		— b			5 b	
Total adjustments		\$ (214)			\$ (54)	
Tax effect on adjustments above		\$ 51			\$ 29	
Tax specific adjustments		12			109	
Total tax adjustments		\$ 63 c			\$ 138 c	
Shares outstanding - Diluted	881.5		881.5	876.2		876.2
Earnings per share - Diluted	\$ 0.84		\$ 0.67	\$ 1.25		\$ 1.35



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Segment Net Sales and Operating Profit

(In millions)	(Unaudited)							
	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2021		2020		2021		2020	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Net sales								
HVAC	\$ 3,054	\$ 3,054	\$ 2,892	\$ 2,892	\$ 8,660	\$ 8,660	\$ 7,142	\$ 7,142
Refrigeration	1,011	1,011	876	876	3,037	3,037	2,384	2,384
Fire & Security	1,377	1,377	1,324	1,324	4,084	4,084	3,587	3,587
Segment sales	5,442	5,442	5,092	5,092	15,781	15,781	13,113	13,113
Eliminations and other	(101)	(101)	(90)	(90)	(301)	(301)	(251)	(251)
Net sales	\$ 5,341	\$ 5,341	\$ 5,002	\$ 5,002	\$ 15,480	\$ 15,480	\$ 12,862	\$ 12,862
Operating profit								
HVAC	\$ 573	\$ 583	\$ 839	\$ 598	\$ 1,511	\$ 1,534	\$ 1,364	\$ 1,199
Refrigeration	119	121	103	102	369	376	263	265
Fire & Security	182	198	200	204	480	531	426	442
Segment operating profit	874	902	1,142	904	2,360	2,441	2,053	1,906
Eliminations and other	(10)	(10)	(31)	(9)	(73)	(56)	(122)	(40)
General corporate expenses	(36)	(34)	(30)	(28)	(105)	(98)	(93)	(87)
Operating profit	\$ 828	\$ 858	\$ 1,081	\$ 867	\$ 2,182	\$ 2,287	\$ 1,838	\$ 1,779
Operating margin								
HVAC	18.8 %	19.1 %	29.0 %	20.7 %	17.4 %	17.7 %	19.1 %	16.8 %
Refrigeration	11.8 %	12.0 %	11.8 %	11.6 %	12.2 %	12.4 %	11.0 %	11.1 %
Fire & Security	13.2 %	14.4 %	15.1 %	15.4 %	11.8 %	13.0 %	11.9 %	12.3 %
Total Carrier	15.5 %	16.1 %	21.6 %	17.3 %	14.1 %	14.8 %	14.3 %	13.8 %

Free Cash Flow Reconciliation

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

Carrier Q3 2021 vs 2019 Organic Sales Reconciliation

Three Months Ended September 30, 2021 Compared with Three Months Ended September 30, 2019

(Unaudited)					
Factors Contributing to Total % change in Net Sales					
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
Consolidated	7 %	2 %	2 %	— %	11 %



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