MORGAN STANLEY LAGUNA CONFERENCE



September 14, 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 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 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 our 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 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.

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, net debt and adjusted interest expense, net 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. Adjusted interest expense, net represents projected interest expense, net excluding prepayment premiums or discounts, write-off of deferred financing costs in conjunction with the prepayment of debt and other significant items that are components of interest expense, net. 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. Remaining performance obligations (or backlog) are unsatisfied performance obligations to provide products or services subject to penalty if cancelled.

When we provide our expectations for organic sales, adjusted operating profit, adjusted operating margin, incremental margins / earnings conversion, adjusted EPS, adjusted interest expense, net 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, 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 Q2 2021 vs 2020 Sales Reconciliation

Y/Y %

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

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	32 %	3 %	1 %	— %	36 %
Refrigeration	38 %	8 %	— %	— %	46 %
Fire & Security	25 %	8 %	— %	— %	33 %
Consolidated	**31 %**	**5 %**	**1 %**	**— %**	**37 %**

Six Months Ended June 30, 2021 Compared with For the Six Months Ended

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
HVAC	28 %	3 %	1 %	— %	32 %
Refrigeration	28 %	6 %	— %	— %	34 %
Fire & Security	13 %	7 %	— %	— %	20 %
Consolidated	**24 %**	**5 %**	**— %**	— %	29 %

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 June 30, 2021	2020	For the Six Months Ended June 30, 2021	2020
HVAC				
Net sales	$ 3,120	$ 2,291	$ 5,606	$ 4,250
Operating profit	$ 573	$ 358	$ 938	$ 525
Restructuring	(7)	(1)	(11)	(3)
Impairment of joint venture investment	—	—	—	(71)
Separation costs	—	—	—	(2)
Giwee acquisition-related costs	(2)	—	(2)	
Adjusted operating profit	**$ 582**	**$ 359**	**$ 951**	**$ 601**
Refrigeration				
Net sales	$ 1,021	$ 700	$ 2,026	$ 1,508
Operating profit	$ 123	$ 61	$ 250	$ 160
Restructuring	(3)	(3)	(5)	(3)
Adjusted operating profit	**$ 126**	**$ 64**	**$ 255**	**$ 163**
Fire & Security				
Net sales	$ 1,403	$ 1,057	$ 2,707	$ 2,263
Operating profit	$ 148	$ 106	$ 298	$ 226
Restructuring	(9)	(6)	(20)	(9)
Separation costs	—	—	—	(3)
Other	(12)	—	(15)	—
Adjusted operating profit	**$ 169**	**$ 112**	**$ 333**	**$ 238**

(dollars in millions - Income (Expense))	(Unaudited) For the Three Months Ended June 30, 2021	2020	For the Six Months Ended June 30, 2021	2020
General Corporate Expenses and Eliminations and Other				
Net sales	$ (104)	$ (76)	$ (200)	$ (161)
Operating profit	$ (61)	$ (83)	$ (132)	$ (154)
Restructuring	(2)	(1)	(3)	(1)
Separation costs	(3)	(23)	(19)	(63)
Adjusted operating profit	**$ (56)**	**$ (59)**	**$ (110)**	**$ (90)**
Carrier				
Net sales	$ 5,440	$ 3,972	$ 10,139	$ 7,860
Operating profit	$ 783	$ 442	$ 1,354	$ 757
Total restructuring costs	(21)	(11)	(39)	(16)
Total non-recurring and non-operational items	(17)	(23)	(36)	(139)
Adjusted operating profit	**$ 821**	**$ 476**	**$ 1,429**	**$ 912**

Carrier

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

Q2 2021 EPS Reconciliation

	(Unaudited)					
	For the Three Months Ended June 30, 2021			For the Six Months Ended June 30, 2021		
(In millions)	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	$ 5,440	$ —	$ 5,440	$ 10,139	$ —	$ 10,139
Operating profit	783	38 a	821	1,354	75 a	1,429
Operating margin	*14.4 %*		*15.1 %*	*13.4 %*		*14.1 %*
Income from operations before income taxes	731	38 a,b	769	1,227	94 a,b	1,321
Income tax expense	(234)	42 c	(192)	(338)	29 c	(309)
Income tax rate	*32.0 %*		*25.0 %*	*27.5 %*		*23.4 %*
Net income attributable to common shareowners	**$ 487**	**$ 80**	**$ 567**	**$ 871**	**$ 123**	**$ 994**
Summary of Adjustments:						
Restructuring costs		$ 21 a			$ 39 a	
Separation costs		3 a			19 a	
Debt prepayment costs		— b			19 b	
Giwee acquisition-related costs		2			2	
Other		12 a			15 a	
Total adjustments		$ 38			$ 94	
Tax effect on adjustments above		$ (1)			$ (14)	
Tax specific adjustments		43			43	
Total tax adjustments		$ 42 c			$ 29 c	
Shares outstanding - Diluted	890.9		890.9	890.4		890.4
Earnings per share - Diluted	**$ 0.55**		**$ 0.64**	**$ 0.98**		**$ 1.12**

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

Q2 2020 EPS Reconciliation

(In millions)	For the Three Months Ended June 30, 2020 (Unaudited)			For the Six Months Ended June 30, 2020 (Unaudited)		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	$ 3,972	$ —	$ 3,972	$ 7,860	$ —	$ 7,860
Operating profit	442	34 a	476	757	155 a	912
Operating margin	*11.1 %*		*12.0 %*	*9.6 %*		*11.6 %*
Income from operations before income taxes	375	34 a,b	409	670	160 a,b	830
Income tax expense	(106)	(9) c	(115)	(299)	75 c	(224)
Income tax rate	*28.2 %*		*28.0 %*	*44.6 %*		*27.0 %*
Net income attributable to common shareowners	**$ 261**	**$ 25**	**$ 286**	**$ 357**	**$ 235**	**$ 592**
Summary of Adjustments:						
Restructuring costs		$ 11 a			$ 16 a	
Impairment of equity method investment		— a			71 a	
Separation costs		23 a			68 a	
Debt issuance costs		— b			5 b	
Total adjustments		$ 34			$ 160	
Tax effect on adjustments above		$ (9)			$ (22)	
Tax specific adjustments		—			97	
Total tax adjustments		$ (9) c			$ 75 c	
Shares outstanding - Diluted	870.9		870.9	870.9		870.9
Earnings per share - Diluted	**$ 0.30**		**$ 0.33**	**$ 0.41**		**$ 0.68**

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

Segment Net Sales and Operating Profit

	(Unaudited)							
	For the Three Months Ended June 30,				For the Six Months Ended			
	2021		2020		2021		2020	
(In millions)	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Net sales								
HVAC	$ 3,120	$ 3,120	$ 2,291	$ 2,291	$ 5,606	$ 5,606	$ 4,250	$ 4,250
Refrigeration	1,021	1,021	700	700	2,026	2,026	1,508	1,508
Fire & Security	1,403	1,403	1,057	1,057	2,707	2,707	2,263	2,263
Segment sales	5,544	5,544	4,048	4,048	10,339	10,339	8,021	8,021
Eliminations and other	(104)	(104)	(76)	(76)	(200)	(200)	(161)	(161)
Net sales	**$ 5,440**	**$ 5,440**	**$ 3,972**	**$ 3,972**	$ 10,139	$ 10,139	$ 7,860	$ 7,860
Operating profit								
HVAC	$ 573	$ 582	$ 358	$ 359	$ 938	$ 951	$ 525	$ 601
Refrigeration	123	126	61	64	$ 250	255	160	163
Fire & Security	148	169	106	112	$ 298	333	226	238
Segment operating profit	844	877	525	535	$ 1,486	1,539	911	1,002
Eliminations and other	(23)	(21)	(56)	(36)	$ (63)	(46)	(91)	(31)
General corporate expenses	(38)	(35)	(27)	(23)	$ (69)	(64)	(63)	(59)
Operating profit	**$ 783**	**$ 821**	**$ 442**	**$ 476**	$ 1,354	$ 1,429	$ 757	$ 912
Operating margin								
HVAC	18.4 %	18.7%	15.6%	15.7%	16.7 %	17.0 %	12.4 %	14.1 %
Refrigeration	12.0 %	12.3%	8.7%	9.1%	12.3 %	12.6 %	10.6 %	10.8 %
Fire & Security	10.5 %	12.0%	10.0%	10.6%	11.0 %	12.3 %	10.0 %	10.5 %
Total Carrier	**14.4 %**	**15.1%**	**11.1%**	**12.0%**	13.4 %	14.1 %	9.6 %	11.6 %

Carrier

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

Free Cash Flow Reconciliation

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

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

Carrier Q2 2021 vs 2019 Organic Sales Reconciliation

Y/Y %

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

	(Unaudited)				
	Factors Contributing to Total % change in Net Sales				
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total
Consolidated	7 %	3 %	— %	— %	10 %

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