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Carrier Global Corp. (CARR)

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MANAGEMENT DISCUSSION SECTION

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Good afternoon, everyone. Thanks so much for joining us at Day 2 of Oppenheimer's 18th Annual Industrial Growth Conference. The last session of the day for us. And very pleased to be ending it with the management of Carrier. CFO, Patrick Goris; VP of IR, Sam Pearlstein. Gentlemen, welcome. Thanks so much for being here today.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

Great to be here.

Sam J. Pearlstein
Vice President-Investor Relations, Carrier Global Corp.

Thanks.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

So, we're going to spend the bulk of this conversation on the portfolio transformation. But I think it's good to start with some industry fundamentals and aspects of your strategic growth that perhaps got overshadowed this quarter.

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QUESTION AND ANSWER SECTION

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

So, I want to start by asking you about commercial HVAC orders. Can you characterize the continuing strength you saw there? Talk about where you saw strength geographically and among verticals in 1Q. Any color you've seen quarter-to-date as we head into the seasonal uptick? And I'm particularly interested for any color on office and retail, just given some investors' concerns around commercial real estate?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Sure, Noah. Let me start with sales actually instead of orders. In Q1, our sales again were pretty strong. They were up mid-teens, and they were up strong across our portfolio of commercial HVAC. Applied equipment was up mid-teens. Our aftermarket sales were up high-teens. And we've spoken a lot about our European commercial heat pump capabilities. And again, there we had a quarter above 20% in Q1. So, overall sales continue to be pretty strong. If you look at the order intake, order intake in the first quarter was up mid-single digits, a little over 5%. And that's after I think eight or nine orders of double-digit order growth. So now, we're really double lapping really strong orders – quarters with orders.

Double-digit order growth in North America, so continued strong trend there. Asia Pacific up high-single digits. EMEA was down. EMEA was down mid-single digits. But if I look at the end markets, continued strength in education. We talked a lot about higher education. We talked a lot about K-12. Data centers, healthcare, all continued to be strong. If I think about industrial and manufacturing, again end markets that are pretty good for us in commercial HVAC, not just chips and batteries, but also anything that's related to decarbonization with heat pumps.

You mentioned commercial real estate. Commercial real estate is a watch item, of course given what's happening. I'd say to-date we haven't seen any change in activity there. I would also say that commercial real estate for commercial HVAC across the North America, we estimate it to be less than 10% of our overall commercial HVAC sales in North America. So, not a very big part of our business. But overall, commercial HVAC tends to do well. And of course, healthy buildings, we talked a lot about that, also continues to be strong. Pipeline continues to build.

You mentioned seasonal uptick. Probably a little bit less applicable in commercial HVAC compared to resi. But overall, we see continued strong momentum, and with backlogs that are up 20% year-over-year in Q1, we expect another good year in this business.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Yeah. That data point on the commercial exposure within – with the real estate exposure in the commercial, I think it just goes to the point what we think of as non-res is not at all monolithic, it's highly diverse. I want to ask you about the residential side as well. You reported that residential HVAC orders up, I think, mid- to high-single-digit in 1Q, despite the sales decline, and everyone saw sales decline. Can you frame up the destocking you saw in the quarter, and what you're now expecting in residential moving into the seasonal strength?

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Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yes. So, maybe a few data points. In the first quarter, residential sales down high-single digits. Our orders in residential were down mid-single digits. Residential, like commercial, was up. So, light commercial volumes were pretty strong. Light commercial orders were up 30%. So, that's what drove the strength there.

Q1 residential had a really tough comp. If you look at what residential did first quarter 2022, sales were up over 23% or about 23%. So, we expected the most difficult comp of the year. That's kind of what we saw. But overall, resi volumes, we continue to expect them to be down for the year. And within resi, clearly heat pumps continued to be really strong. You've heard us say before that we think we have leading positions in heat pumps in US resi. Heat pump sales were up 20% in Q1 alone, and about 40% of our splits have heat pumps with them.

So, really no change also for the outlook for the year. We still expect our sales to be flattish overall, and that's really a net of volumes down high-single-digit offset by pricing, and then the mix-up.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Right.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

And actually, we expect the second half of this year to have some modest year-over-year growth in residential. We still expect Q2 to be probably a little down year-over-year in terms of revenue. But we expect – our current outlook is modest year-over-year growth in the second half for resi.

And then, I think you mentioned destocking. Not really a big factor in Q1. We think that will be mostly later in the year after the summer season. And so, that's really something we start seeing in end of Q2, early Q3.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Very helpful, Patrick. Just listening to your last two answers and thinking about some of the secular stories that have been working for Carrier really since the spin, I want to ask you about applied. I mean, again, you saw nice growth in applied this quarter. You've been gaining share since the spin. Talk to us a little bit about that trajectory. Frame up for us how the share gain trajectory has been in applied since the spin, where you think it can go, call it, over the next year or two, and what are some of the key elements to help you get there?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yeah. So, at the time of the spin, you heard us say that we wanted to be the number one player in applied. And I don't think the objective has changed, but I think our timeline has probably changed, and it has changed because of our own doing, meaning we don't want to be the number one in applied at all costs. And so, clearly, we see margin improvement opportunities within commercial HVAC. And so, we are very careful in ensuring that we gain market share at attractive markets. And so, I think that is what you see. So, objective, not changed. Timing may look different, but I think there is some discipline there that's really important. I think a very important element here is you can't – we can't talk about applied HVAC without talking about the aftermarket opportunity.

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Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Right.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

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And that is something where we know we have an outsized opportunity compared to some of our peers, frankly, because we started late. And so, that's why we put the playbook together. Since we put the playbook together, our aftermarket revenue have grown double digits as an overall company point of view. They grew double digits in 2021, 2022. In 2023 Q1, overall company aftermarket up high-teens. But same in HVAC, in commercial HVAC. So, given the very large installed base connecting those chillers, providing services, attaching services digitally enabled with our Abound platform remains key to our strategy, and that will not go away given the announcement of these. Our focus on aftermarket whether its commercial or any other part of our business remains critical.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Yeah. That's great point, Patrick. This has been a secular growth story, again since the spin and laying out that playbook. So, you set out the goal of $7 billion in aftermarket revenues by 2025. So, your confidence level in getting there and kind of the blocking and tackling that you're doing over the next couple of years to get there, that's all intact, no change to that trajectory?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

We're certainly on the path to be there. And as a reminder, obviously, the $7 billion-plus included Fire & Security. But what we're seeing is with the exits of Fire & Security, and Commercial Refrigeration, and the addition of Viessmann, we think that it really doesn't change the overall equation. So, we think it's about – roughly it's a one for one replacement in aftermarket revenue with the exception, we believe is that the growth opportunity in aftermarket with Viessmann is more attractive, meaning we see more attractive growth rates in their aftermarket, just as we see a very attractive growth rates in Viessmann's overall business.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

That's really interesting. Thanks. So, give us an update on TCC integration of what startup expenses you're carrying into this year, how that organization has evolved, and where you see opportunities to better capitalize on the Toshiba Carrier technology portfolio?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

So, first of all, and everybody may remember this, but we bought out our majority partner last year in this JV. And what this gave us was basically direct access to VRF technology in the market. And it's a faster-growing market of the overall HVAC market. So, we're very pleased with the acquisition. I have to say that the integration is going very well, and the business is performing better than we expected, better than our business plan. We mentioned at the time of the acquisition or the announcement, I should say, that we were targeting $100 million of synergies from the deal, cost synergies. We're quite comfortable, we will be well-ahead of that.

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You mentioned integration expenses this year. We estimate them to be about $55 million. We're running a little bit below that, but we still expect that to be the number for the year that will come down starting next year. But after one quarter, again, I was mentioning the business performing better than we expected with both sales and operating profit performing better. Japan became profitable in Q1. That was not the case at all before. And the operating profit for this business was over 10% in Q1. So, overall, a pretty good start.

You mentioned the link between TCC acquisition and Viessmann. And clearly, there is significant opportunity there. And the key opportunity there relates to the inverter technology that TCC has. And there is an opportunity to use that technology with Viessmann's heat pumps in Europe. And so, actually of the $200 million of cost synergies that we announced for Viessmann, about a third of that relates to the in-sourcing of some of that technology, and inverters is number one, but there is other technology from the TCC has that we can probably use elsewhere. And another example that is, is there compressor technology. So, overall, very pleased with the acquisition so far, the team in Asia is doing a really good job. Still early. But all indications are really positive.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Yeah. Just curious for any additional color on, Patrick, is the outperformance due to just better price cost, is it due to a higher take rates for VRF, share gains? Like what surprised you positively about the performance?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

It's probably a little bit of everything. But I think what our team has done really well early on is to look at what happened with the input costs and the price/cost equation. And what we noticed, what the team noticed is, is that price/cost was actually negative. And so, early on after the acquisition, we – the team pushed through aggressive price increases to offset some of the input cost that we have seen.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Yeah.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

So, that is providing a significant benefit to us. So, no longer in a, call it, the negative situation. But the team is doing well on the business. We're seeing growth in attractive pockets. I mentioned Japan profitability. That was not always the case historically. There has been a focus on us. Clearly, price has helped us there a little bit as well. But, overall business performing well.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Very helpful. So, let's move towards the portfolio transformation topics. Let me start by walking us through the evolution of the deal for Viessmann. When and why Viessmann emerged as the best fit for Carrier?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

So, maybe let me start a little bit by rewinding and say why be in that market at all.

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Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Sure.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

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And I think it's fair to say that we've been very clear over the last year or so that we had a very strong interest in becoming an active player in the European residential heating and cooling market. It's an attractive market. There are some strong secular drivers, decarbonization being one of them, and all of that has been accelerated by the government regulations and incentives.

And so, as we identify different players in that market, and they've given us – I met with many of the different companies. There was one asset that or one competitor or one company, I should say, that more and more stood out as being the premier asset and brand in this space, and that is Viessmann. Not just the channel with direct-to-installer access, but their technology. And I remind people, it's much more than a heat pump company. There are many companies who can manufacture heat pumps, but Viessmann not only has the heat pumps, but they also design and develop complete integrated solutions. So, the link between solar PV, battery systems for the house, for energy storage, linking that with sanitary hot water and the heat pumps, and the home energy management system to optimize the energy generation, storage and consumption...

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Right.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

...there is a standout of that, other companies. So, heat pumps as well. No one that we could identify sells that overall solution. Combine that with their position in the market as being a premium player with a very strong reputation and quality, and it really became basically the company we wanted to partner with, and that is exactly what happened.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Maybe you can for the US investor base in particular, better unpack some of the European market dynamics you found attractive, those that are driving this business, the regulatory environment, the market structure.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yeah.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

How you see consumer demand evolving? What makes the market attractive?

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Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yeah. I'll try and summarize that. It's exciting because there're several tailwinds there. The first one, frankly is, is that the European market and consumers, they have been very much focused on moving away from fossil fuels for heating. And that move towards decarbonization has only become more important as European countries have started to reduce their dependency on Russian oil and gas, and moving more towards electrification. And so, there has been – so, one is decarbonization objective. Two, moving away from Russian oil and gas, move towards electrification. Combine that with regulations and incentives by European governments to basically accelerate that trend, and you get into a much higher-than-typical growth environment.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Yeah.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

And some of the examples from European governments include banning fossil fuel heating systems or providing incentives to increase the number of heat pumps. So, in that attractive market, Viessmann is really in the middle of that. And so, Viessmann as I mentioned earlier, they have the differentiated climate solutions, not just the heat pump, but the combination of that or the integration, I should say, with solar PV, battery storage, sanitary hot water, and then the home energy management systems.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Yeah.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

And so – and what makes this also attractive or another reason this makes it attractive is heat pumps sell at a multiple of the price of boilers they replace. And so, what this means is there can be strong revenue growth moving forward without having substantial unit volume growth.

So, a heat pump sells at a multiple of a boiler, so there's revenue growth there per unit. But if you then combine it with the solar, the battery and all the accessories, again, there are additional revenue and profit pools associated there. So, very attractive. Viessmann, clear leadership in this space. And it basically gives us a lot of confidence that this is going to be a market with attractive growth opportunities for several years going forward.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

It's very interesting because – and you know this, but I did spend time myself in my family's HVAC contracting business, it's a boiler business predominantly, right. And my own focus has evolved from boilers over towards now heat pumps and AC and the like, and it's just interesting to see Viessmann's journey, because they started out – this multi-generational family business started out really on that sort of traditional heating side. It's amazing to me how they've been able to pivot in not that long a period of time. So, talk to us about that a little bit and the kind of the innovation and agility that you see in that business, and how it plays into what you're doing at Carrier?

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Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yeah. Frankly, I think it's reflected in their overall offerings. As I mentioned earlier, many different companies can manufacture heat pumps, but we have not seen a lot of companies that combine or can provide the overall integrated solutions, the solar, the battery, the other elements. They just don't do this, only that. But they also do it in a footprint that's differentiated, less time to install, smaller footprints. As you may know, in Europe, it's not unusual for some of this equipment to be inside the home, visible to the inhabitants. In the US, it may be in a garage, sometimes in a basement. But so, their design is also differentiated. They have with the Viessmann Invisible offering. It is in your room or in the house, but you really don't see it. It's so well-built in.

And then, the other thing that differentiates them is, they call it this One Base. And basically, you don't have to buy or install their entire offering all at once. You can start with one of the elements. You can then...

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Right.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

...add the other elements over time and they integrate seamlessly. And so, the attractiveness for us of this is we think that over time we'll be able to use some of this technology in the US where we have a large share or a good market position, I should say, in the US. I was talking with a residential HVAC leader just this morning. In parts of the Northeast in the US, we have gas furnaces, heating water, and the hot water is being pumped to homes to heat their homes through radiators. That's air to water heat pump technology. With the acquisition of Viessmann, we now have this for the US market. Our heat pumps in the US market tend to be air to air, meaning hot air through ducts. And so, this is just one of the revenue synergies we see with Viessmann, and how their strong technology can help us in our home market here in the US.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

That's very interesting. I think a great follow-up to that question would be just to talk about potential revenue synergies and how you see those basing in. We got a lot of questions about that from investors, but maybe you can move from what you see is the lowest-hanging fruit for potential synergies to maybe later-stage opportunities.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

I think the early-stage opportunities will be some of the procurement and sourcing synergies that I referred to earlier, where we're in the same industry with our scale, we think we can get some procurement savings. Some of that, some of the $200 million, about a third of that is what I mentioned earlier, I think the Toshiba Carrier technology on inverters, that's something we'll see mostly over the first three years. We mentioned on the call a few weeks ago, the vast majority of the $200 million we expect to achieve by year three. Then, you get into revenue synergies, which we have not quantified externally, and there, it goes both ways across the oceans. One, opportunity for Viessmann 75,000 installers to sell some of Carrier's products or Toshiba's products for that matter through the channel. But also I mentioned earlier, for example, in the United States or in other parts of the world, selling some of Toshiba's technology.

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And in the US, we don't see a company that has that overall integration of heat pumps, solar, battery, home energy management systems. That's not going to happen tomorrow. But clearly, now with Viessmann, we will have the technology and the capabilities to do so. And then, another synergy is basically Viessmann has been very successful growing not just in Europe but in other parts of the world as well. In those other parts of the world, it's fair to say, I think that Carrier has a larger presence. And so, we may have some infrastructure that we can scale and enable them, so that they will have to build less, call it, overhead to support the sales growth, but they can use our existing capabilities.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

So, you've mentioned solar and battery storage now, and it's a small but emerging revenue contributor for Viessmann. And here, you're highlighting the sort of software-enabled integration rate of HVAC and solar and battery, and that's the future of the net-zero home, I think it's clear. Maybe talk to us about the attach rates Viessmann is seeing right now for solar and battery and new HVAC sales.

And I suppose as a follow-up, you talked it might be further away. But talk us through how you might work those offerings to North America over time.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yeah. I don't believe, Sam, that we've shared the specific attachment rates. But if we look at the growth rates of solar and battery within their portfolio compared to the overall heat pump growth rates, we see attractive growth rates, let's put it this way. So, the growth rates in these parts of the portfolio is also quite attractive, which frankly helps explain how large the heat pump and associated accessories already is as a percent of the overall Viessmann sales. And so, clearly, there is an uptake there of those accessories. That is something that we today do not do in the US.

And so, part of the integration theme is going to be how can we look at that offering from Viessmann, and how can we use some of that in the United States knowing that there may be some differences in technology, US versus in Europe, but it's one of the revenue synergies that we clearly want to go after besides the one that's probably more short term, which is air-to-water heat pump technology using that technology from Viessmann in parts of the United States.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.

Q

Very helpful. Let's turn to the planned divestitures. Fire & Security, look at recent margins, they were above the corporate average, very strong brands. Obviously, the market has been signaling to companies for a while now that it wants more focused plays. But why does the move makes sense internally for Carrier? And how do you see the company being better positioned following the divestiture?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.

A

Yeah. First of all, I think we'll be a simpler company and easier to understand company. And we shared our vision that we want to be an intelligent climate and energy solutions provider. And frankly, there are parts of our portfolio that are not aligned with, and that includes our Fire & Security portfolio. You mentioned it earlier. They're all good businesses. They tend to be number one or two in their respective markets. We know they're good businesses

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also because the number of inbound calls we have received about these individual business is sort of overall Fire & Security portfolio recently.

But for us, again, we have our new vision. And what we've learned from the spin from UTC is that focus can provide a lot of them. And we've seen it. And basically, this is just a next logical step. We are further focusing, becoming a simpler company to manage, a simpler company to allocate resources to the growth investments. And so, we think it will be beneficial to Carrier and beneficial to those businesses, just as Carrier benefited significantly from the spin from UTC.

As to the exits themselves, as you can probably imagine, we're in the process now of assessing are we better off selling fire – first of all, Commercial Refrigeration will be a sale. That is pretty clear in our view. Fire & Security, we're in the process of assessing is it a sale of the entire business at once, is it in parts, or is there a scenario in which we would spin, although of course the spin would not be the preferred outcome, but that is what we're going through now. And clearly, as soon as we have additional information we can share with investors as to what our plans are and the timeline, we will...

Noah Kaye
Analyst, Oppenheimer & Co., Inc.
Q

Yeah.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.
A

...do that. Our priorities though are very clear. We want to have a clean exit. We want to maximize our proceeds. And then, of course, the timing is important. What is not dependent on the exits is our deleveraging. And what we have laid out a couple of weeks ago is our intention to get back to our existing net leverage ratio about 2x by the end of 2025, excluding proceeds from exits. If we do exit, of course, that could accelerate the deleveraging and would of course also accelerate the timing at which we would return back to share repurchases.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.
Q

Very helpful. On the CCR exit specifically, you've been very open. This is a mid-single-digit margin business for you. How would you frame it as differentiated? And what type of multiple would you be targeting on the exit?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.
A

Yeah. So, there is no reason why it needs to be a mid-single-digit operating margin business. And actually over the last 12, 18 months, management actually has done a lot of work on taking cost out of that business. And so, it's one of the businesses together with container that now is going through a market downturn. But we expect to be in a better market position later in the year. As that happens, clearly, we expect the earnings conversion of that business to be quite attractive and much more attractive than what we've seen historically.

So, the operating margins, the exit operating margins of this year are significantly higher than the mid-single-digit operating margin that you were referring to. It's one of the leaders in its space in Europe. It has a very large footprint. It's just the business that I think would benefit – that we believe would benefit from additional focus by a new owner. But what we're doing now is we're positioning it really well. And clearly, we want to get paid for some of the upside of that business, which we know will be there.

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Noah Kaye
Analyst, Oppenheimer & Co., Inc.
Q

Very helpful. I think tying this all together, I go back to 2022 in your Investor Day there and the framework you laid out, mid- to high-single-digit organic growth, and 30% to 35% incrementals, when you think about the composition of the business when you give effect to all of these divestitures, how do you assess the ability of the portfolio to deliver on that framework? Is it better positioned now? Is it about the same? Just curious to think about how we assess the portfolio?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.
A

Yeah. The way I'd like you to think about it is, that value creation framework we laid out remains valid, remains in place. We're now more comfortable and confident that we can get to the high-end of that organic growth range. Just like we shared with our investors that the acquisition of Viessmann alone, we believe it adds 100 bps or more to our revenue growth.

Sam J. Pearlstein
Vice President-Investor Relations, Carrier Global Corp.
A

Organic growth.

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.
A

Organic. Yeah. The organic revenue growth.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.
Q

Right. Where has the divestitures today impact the organic growth?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.
A

They tended to be on the lower-end and particularly in Commercial Refrigeration.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.
Q

Right. And if we think about the opportunities for strong incrementals and self-help, think about the secular growth stories like aftermarket, again, that all points towards maybe stronger incrementals in the business going forward than what it's been?

Patrick P. Goris
Chief Financial Officer & Senior Vice President, Carrier Global Corp.
A

I think consistent with the value creation framework we laid out, there is a tremendous growth opportunity there, and we know that we'll have to make some investments to make sure that we get the full benefit and we capture all that growth. So, I'm not ready to alter our incrementals yet that we laid out at Investor Day.

Noah Kaye
Analyst, Oppenheimer & Co., Inc.
Q

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And I think that's fair not to do that in this call.

Noah Kaye

Analyst, Oppenheimer & Co., Inc.

But I do want to thank you both for the time and for the great discussion. There is a lot going on with the story. Obviously, a lot of catalysts to come over the course of the next year-plus. I would encourage anyone who wants to work on the story, please reach out to us or, of course, to Sam at Carrier.

I want to thank you all for the time. Our conference continues tomorrow. For everyone who will be joining us then, see you then, and thank you all for the time. Appreciate it.

Patrick P. Goris

Chief Financial Officer & Senior Vice President, Carrier Global Corp.

Thanks. Thanks for having us, Noah.

Sam J. Pearlstein

Vice President-Investor Relations, Carrier Global Corp.

Thanks.

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