28-Jul-2026

Carrier Global Corp. (CARR)

Q2 2026 Earnings Call

CORPORATE PARTICIPANTS

Michael S. Rednor
Vice President-Investor Relations, Carrier Global Corp.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

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

OTHER PARTICIPANTS

Scott Reed Davis
Analyst, Melius Research LLC

Jeffrey Todd Sprague
Analyst, Vertical Research Partners LLC

Nigel Coe
Analyst, Wolfe Research LLC

Joe Ritchie
Analyst, Goldman Sachs & Co. LLC

Alexander Virgo
Analyst, Evercore ISI International Ltd.

Andrew Kaplowitz
Analyst, Citigroup Global Markets, Inc.

Deane Dray
Analyst, RBC Capital Markets LLC

Christopher M. Snyder
Analyst, Morgan Stanley & Co. LLC

Andrew Obin
Analyst, BofA Securities, Inc.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Stephen Volkmann
Analyst, Jefferies LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to Carrier's Second Quarter 2026 Earnings Conference Call. I would like to introduce you to today's host for the conference, Michael Rednor, Vice President of Investor Relations. Please go ahead.

Michael S. Rednor

Vice President-Investor Relations, Carrier Global Corp.

Good morning, and welcome to Carrier's second quarter 2026 earnings conference call. On the call with me today are David Gitlin, Chairman and Chief Executive Officer; and Patrick Goris, Chief Financial Officer.

Except where otherwise noted, the company will speak to results from continuing operations, excluding restructuring costs and certain significant non-recurring items. A reconciliation of these and other non-GAAP financial measures can be found in the appendix of the webcast. We also remind listeners that the presentation contains forward-looking statements, which are subject to risks and uncertainties. Carrier's SEC filings, including our Form 10-K and Quarterly Reports on Form 10-Q, provide details on important factors that could cause actual results to differ materially.

With that, I'd like to turn the call over to Dave.

David L. Gitlin

Chairman & Chief Executive Officer, Carrier Global Corp.

Thanks, Mike, and good morning, everyone. With strong orders, record backlog levels, and first half results being better than expected, we are raising our full year guidance on sales, operating profit and EPS. 2Q orders were very strong, up about 40%, with commercial HVAC up about 65%, driven by continued strength in data centers where orders were up 4x over last year.

Our total company backlog, which excludes orders that we expect from long-term agreements with hyperscalers and colos is now over $8 billion, up about 40% versus last year, and up 20% sequentially. Given the increasing demand for our differentiated commercial solutions, we have announced the new facility in India and are finalizing plans for a new site here in the US.

We are pleased that our Resi businesses and CSA and CSE were both up high-single digits, while CSA Light Commercial was up 10%, a similar rate to the first quarter. Our strong free cash flow enabled us to continue to invest in growth, and we returned about $640 million to shareholders. We continue to remain proactive in optimizing our portfolio with the divestiture of Riello complete and the sale of NORESCO announced yesterday.

In terms of acquisitions, we are excited to welcome 75F to the Carrier family as you see on slide 4. This acquisition accelerates our path to creating intelligent and fully autonomous buildings. There are three primary benefits from this combination. First, 75F BMS platform is perfectly positioned for small- and medium-sized businesses and for international markets. Because our ALC BMS offering has primarily been focused on larger building applications in the US, 75F expands our TAM by about $20 billion.

Second, 75F will significantly enhance our BMS capabilities. It is AI-enabled and cloud-native, which, when combined with Carrier's platforms, enables Agentic AI applications for autonomy and other critical features to drive reliability, uptime, grid interaction, comfort, and energy optimization. Also, its wireless and auto commissioning capabilities enable faster and seamless installations for both new applications and retrofits.

And third, 75F plays an important role in our systems integration strategy, nicely complementing our equipment portfolio, Nlyte's data center infrastructure management offering, along with our digital tech stack-enabled by Abound and ALC. Intelligent and autonomous buildings are the buildings of the future and Carrier, now enhanced by 75F, is positioned to lead the way.

Turning to slide 5. In 2026, we expect that nearly half of our portfolio, our commercial HVAC and aftermarket businesses will have their six year in a row of double-digit growth, and these businesses remain very well positioned for continued strong growth going forward.

In addition, it is encouraging that our shorter cycle RLC businesses in North America and Europe have returned to growth. Though the timing of the recovery in Global Truck/Trailer remains unclear, there's clearly pent-up demand as we head into 2027.

So with the record backlogs in our longer cycle businesses, combined with our shorter cycle RLC businesses in the Americas and Europe turning, we expect the second half to be up mid-teens and are well positioned for strong growth to continue.

On slide 6. Last quarter, we walked you through our transformational commercial journey since our spin. I am very proud that our team, strategic investments and great work are yielding such strong results. We are now increasing our full year data center sales outlook to about $2 billion, which will be our second year in a row of doubling our sales in this important vertical.

With our recent significant wins, our 2026 data center sales forecast is all in backlog, and we continue to partner with hyperscalers and colos to further strengthen our backlog for 2027 and beyond. We continue to gain market share and the rapidly increasing installed base that we are delivering today will drive attractive aftermarket growth over the long term.

Turning to CSA Resi on slide 7. Bottom line is that performance has been better than we expected with our 2Q sales up 9%. We now expect the market to be around 7 million to 7.5 million units this year, largely stable versus last year. Field inventory levels continue to remain healthy, ending 2Q down about 25% versus last year.

We also continue to invest in differentiation, including building out our digital ecosystem, a key priority for us, leveraging Viessmann's cutting edge digital platform. We now have about 55,000 channel partner technicians monitoring systems real time, up about 35% from a year ago, driving customer loyalty and channel efficiency. We are now raising our full year expectations for CSA Resi sales to be up high-single digits.

Resi sales in Europe are also improving, as you can see on slide 8. Sales were up high-single digits in 2Q with heat pumps up about 20% and boilers down high-single digits. Market dynamics remain favorable with continued high prices for natural gas and Germany recommitting to subsidies.

We also remain very encouraged by preorder activity for our new Vitocal 200 unit. This Viessmann-branded offering has all the benefits that our customers have come to expect: high efficiency, low noise, great aesthetics and connectivity, along with lower product and installation costs. It will be a tremendous secondary offering for Germany and the primary offering for most other countries in Europe. We are on track to formally launch in the fall and expect this new product to significantly increase our TAM. Though our European commercial sales were lower than we expected in the first half, Our 20% 2Q orders growth and strengthening backlog give us confidence in the second half being up mid-single digits.

Segment margins in 2Q were disappointing. We are seeing the benefit from improved volume and price costs, but that was offset by unfavorable mix and selling investments. We will continue to drive strong growth initiatives, and will take a more aggressive and structured approach to cost reduction and pricing discipline.

Last month, we appointed Thomas Donato as the new President of this segment. I am confident that Thomas and the team will take the right actions to get this business to mid-teen operating margins over the next few years.

Moving on to aftermarket on slide 9. We remain on track for double-digit aftermarket growth. Through the first half, we are up high-single digits, and we have the playbook team and plans in place to deliver double-digit growth for the full year.

On slide 10, you see a lot more greens for our business units compared to our original guide, thus enabling us to raise our full year outlook for sales, operating profit and EPS, and will serve us well as we head into 2027.

With that, I will turn it over to Patrick. Patrick?

Patrick P. Goris

Executive Vice President, Chief Financial & Strategy Officer, Carrier Global Corp.

Thank you, Dave, and good morning, everyone. Please turn to slide 11. For the quarter, reported sales were $6.4 billion. Adjusted operating profit was $1.1 billion. Adjusted EPS was $0.86. Better-than-expected organic sales growth of 3% was driven by improving Resi and Light Commercial end markets in the Americas and Europe.

Adjusted operating margin of 17.2% was a bit better than expected. The year-over-year decline largely reflects the benefit of organic growth and strong productivity, offset by unfavorable mix and increased input costs.

Adjusted EPS declined 7%, driven by lower operating profit and a higher effective tax rate, partially offset by a tailwind from a lower share count. You will find the year-over-year adjusted EPS bridge on slide 20. Free cash flow of $810 million was very strong.

Moving on to the segments, starting with CSA on slide 12. Organic sales for the segment increased 4%. Dave already covered Resi and Light Commercial. With respect to Commercial, sales were down due to the timing of data center deliveries. We expect a significant sequential and year-over-year pickup in Q3. Segment operating margin of 24.4% was ahead of our guide. Compared to the prior year, the margin decline reflects stronger pricing, offset by unfavorable mix and increased input costs.

I will skip slide 13, as Dave already covered the main points.

Turning to the CSAME segments, on slide 14. Organic sales grew 4%, ahead of expectations, reflecting continued strong performance in India, Southeast Asia and Australia, with all three areas growing above 20% in the quarter. Driven by data centers, the Middle East delivered very strong sales growth of about 35%, despite a very challenging operating environment.

Aftermarket continues to be strong in this region, up about 12%. Residential and Light Commercial in China remains the main drag for the segment. As expected, segment operating margin was about 12%.

Moving to the CST segment on slide 15, organic sales were flat. The Container business had another very strong quarter with sales up 40%, offsetting continued pressure in Global Truck/Trailer, which was down low-teens. The decline in segment operating margin reflects the margin differential between Container and Truck/Trailer.

Turning to Q2 orders on slide 16. Total company orders in the quarter were very strong, up about 40%, with growth across all segments and most businesses. Our backlog is at record levels and supports an accelerating organic growth outlook for the balance of the year.

Moving on to slide 17 and shifting to our updated 2026 organic sales outlook. We now expect full year sales to be roughly $23 billion, with organic growth up mid- to high-single digits and full year data center revenue of approximately $2 billion versus $1.5 billion prior guidance.

We now expect CSA Resi and Light Commercial sales growth of approximately high-single digits and CSE Resi/Light Commercial sales growth in the low-single digit range compared to our prior outlook of down high-single digits and roughly flat, respectively. Note that our updated outlook now reflects about $125 million year-over-year revenue headwind due to the upcoming exit of NORESCO.

So to summarize, we are increasing sales by over $1 billion organically versus the prior guide, with about half of that related to improved sales in CSA Resi/Light Commercial, and the other half related to increased data center sales. About $200 million of sales will drop out of our outlook versus the prior guide from the NORESCO divestiture and relatively small changes across the other segments, which takes our sales outlook to about $23 billion for 2026.

Moving on to slide 18, profit and cash guidance. We now expect adjusted operating profit of about $3.5 billion and adjusted EPS of about $2.90, up from our prior guide of $3.4 billion and $2.80 of EPS. Second half-adjusted operating profit and EPS will both be up about 50% year-over-year, with strong earnings conversion.

Second half earnings growth is driven by favorable volume and net productivity, partially offset by investments mix and the $0.05 headwind from the NORESCO exit and start-up costs related to the new US site.

No change in outlook with respect to free cash flow, as the impact of higher earnings is expected to be offset by about $100 million increase in CapEx related to the new US site. We now expect full year CapEx to be about $600 million. Share repurchases are expected to remain at $1.5 billion for the year.

You will find full year adjusted EPS bridges on slides 21 and 22. And as usual, additional guide items are on slide 23.

Finally, let me provide some color on the third quarter. We anticipate Q3 revenues to be just below $6 billion, including about a $200 million year-over-year impact from the Riello and NORESCO divestitures. Organic growth is expected to be about 10%, operating margin of about 16.5%, a 24% tax rate, leading to about $0.75 of adjusted EPS. The sequential decline in operating margin mainly reflects lower seasonal sequential Resi and Light Commercial sales in the US and significantly higher commercial sales globally.

With that, operator, please open the line for questions.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator instructions] Your first question comes from the line of Scott Davis with Melius Research. Your line is open. Please go ahead.

Scott Reed Davis
Analyst, Melius Research LLC

Q

Hey. Good morning, guys. Good morning, Dave, Patrick, Mike.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Good morning, Scott.

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

A

Good morning.

Scott Reed Davis
Analyst, Melius Research LLC

Q

Looks like a pretty good quarter overall. Just only really is the margin decline issue. Can you go into a little bit more detail kind of the mix versus price cost? Kind of the challenges that you had there, how much of that was perhaps timing? You mentioned a change in leadership, so perhaps a little bit of a different mandate as well, but maybe a little bit more detail will be helpful there.

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

A

We'll do, Scott. So operating profit and margin was down versus last year. Key elements, as I mentioned, favorable volume, price and productivity. We do have some unfavorable mix, I'll get to that in a little bit. And then, of course, there is also the timing of the tariff mitigation and lower JV income.

In terms of timing of the tariff mitigation, you may recall that the tariffs went into effect early April, and the pricing associated to mitigate some of that went into effect at the end of the month. And so, as expected, during the second quarter, the impact of tariffs and pricing associated with tariffs was a net negative, and that was a headwind to our margins in the quarter.

With respect to mix, within Europe, we had besides strong heat pump growth, good growth in battery and solar, which actually has quite lower margins. Within Transportation, Container does well, but has lower margins than Truck and Trailer. And then within CSA, think of it as a new construction was a little bit higher mix than what we expected, which drove down overall margins. Still good margin, new construction, just not as strongest replacement. So those are some of the main elements, Scott.

Scott Reed Davis
Analyst, Melius Research LLC

Q

Okay. Great.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah, Scott, on your second part. Go ahead.

Scott Reed Davis
Analyst, Melius Research LLC

Q

No, go ahead please. Please, David.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. Scott, I was just going to say in the second part of your question on the leadership change, we're really excited to have Thomas Donato on board. We can't thank Thomas Heimann enough for everything he did. But in terms of this next chapter, we really have to do a better job on both price and cost to state the obvious. So I think that Thomas brings a great experience from his days at places like Rockwell Automation and ABB and Bosch, and we're going to be a lot more disciplined on the price side. And there's a lot of costs that we have to take out and that includes footprint, supply chain, G&A. So, Thomas and the team know that the expectation that you have of us and we have of ourselves is certainly to get to that mid-teen profit margin. And I'm confident we'll get there.

Scott Reed Davis
Analyst, Melius Research LLC

Q

Okay. And just a real quick one, guys on the 75F, what are you buying here? Are you buying the technology? Are you buying an installed base? And is it an enhancement of your own BMS? I'm just trying to get a sense of what you're getting.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Technology, primarily. They have their own – 75F has its own BMS offering. It's primarily – it's traditionally been targeted at kind of the smaller and medium-sized buildings, but we're buying great technology that not only enables us to attack that market here in the United States for small- and medium-sized buildings, but it's great for an international offering.

We're buying a great team. They have 91 engineers. They have a great leader, Deep, who's coming as well. So we're buying talent. We're buying technology. And as I mentioned in the prepared remarks, it's really going to complement and make our ALC offering much better because it's cloud-enabled. They have Agentic AI built on top of it and it's wireless. So it's much, much quicker and easier to commission a building.

If you think about the building that Patrick and Mike and I are in right now, our headquarters, there might be 1,000 sensors. Each one needs to be individually commissioned. With their wireless capabilities and auto commissioning, those can be all auto commissioned without human intervention. So, it's a great digital tech stack that we can build on top of.

Scott Reed Davis
Analyst, Melius Research LLC

Q

Sounds good. Okay. Congrats, guys, and best of luck rest of the year. I'll pass it on.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Thanks, Scott.

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

A

Thanks, Scott.

Operator: Your next question comes from the line of Jeffrey Sprague with Vertical Research. Your line is open. Please go ahead.

Jeffrey Todd Sprague
Analyst, Vertical Research Partners LLC

Q

Hey, thanks. Good morning, everyone. Hope you're well. Great to see the Resi inflecting here. Dave or Patrick, I just wonder if you could maybe just give us a little bit more color on kind of where we're at. I guess the nature of my question is, did we see any sort of the two-step bullwhip effect in this quarter or are your volumes pretty close to kind of industry volumes this quarter?

And then your industry outlook for the year, I would assume we got some bullwhip effect in the back half of the year. So just maybe how's movement? How is the channel? Did we see any of those machinations in Q2 here?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

We didn't really see them in 2Q. We see them in the back half. We'll get 10 points of that benefit from the absence of destocking in the second half. So if you think about the second half of this year, Jeff, we'll see sales up about 20% in the back half, of course, off of some relatively easy compares. But 10% of that will come from the absence of destocking. We expect movement to be up mid-single digits, and then we should get price in the mid-single digit range. So we didn't see as much of it in 2Q. We get that benefit in the back half.

Jeffrey Todd Sprague
Analyst, Vertical Research Partners LLC

Q

Great. And then, Dave, on the capacity, I assume it's all data center-related stuff. Although I guess the question is, are you looking at any Resi incremental capacity in the US? Any footprint shift there? And just give us a little bit of color on sort of the nature of the ramp. We've had a few companies that you may be seeing in electrical space and elsewhere sort of gagging on trying to catch up with this demand and getting capacity stood up. So how do you derisk that? What's the scope of the project, that sort of thing as a question?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yes. So we're very excited about it. If you think about our data center exit rate leaving this year for next year, it would be around $2.5 billion. And when we look at our backlog and the kind of discussions we're having with the hyperscalers and colos, we just need more capacity. So we're all hands on deck. We want the facility up and running by the end of the first quarter.

We're primarily looking at Texas and Alabama. We hope to make a decision here in the next month or two and announce it, so we can get the team rolling. We've already ordered some of our advanced lead time equipment and tooling that we're going to need for the facility. And it's going to be not only both air-cooled and water-cooled chillers, some of the vertical integration with things like compressors. And then if you think about the Resi side, yes, we already have a great presence for Resi in places like Collierville, Tennessee and Indianapolis.

We are looking at expanding some of our both ducted and ductless capabilities here in the US. Our primary focus for this new facility, though, is all things data centers. And the thing I'll say is that we have to accelerate building it for the demand that we see in 2027 and beyond.

The thing that gives me confidence is that, look, we started with very low share for commercial HVAC in the United States. Some of our peers started with much higher share. So as we built out the product portfolio, the capacities, the number of technicians that we have in the field, we're very well – we've been gaining a lot of share in the data center space and we're really well positioned as we think about 2027, 2028, 2029. Some really nice discussions that we're having with both hyperscalers and colos.

Patrick, did you want to add anything?

Patrick P. Goris A

Executive Vice President, Chief Financial & Strategy Officer, Carrier Global Corp.

No. The capacity we're building goes beyond just data centers.

David L. Gitlin A

Chairman & Chief Executive Officer, Carrier Global Corp.

Yeah.

Patrick P. Goris A

Executive Vice President, Chief Financial & Strategy Officer, Carrier Global Corp.

It can be used for other applications as well in commercial.

Jeffrey Todd Sprague Q

Analyst, Vertical Research Partners LLC

Great. Good stuff. I'll leave it there. Thanks a lot, guys.

David L. Gitlin A

Chairman & Chief Executive Officer, Carrier Global Corp.

Yeah. Thanks, Jeff.

Operator: Your next question comes from the line of Nigel Coe with Wolfe Research. Your line is open. Please go ahead.

Nigel Coe Q

Analyst, Wolfe Research LLC

Oh, thanks. Good morning, everyone. Good to see the back to growth here. Patrick, hate to ask the same question each quarter, but can you maybe just provide a bit more color on 3Q? I think you said plus 10% organic. And margins, I think 16.5%. Any color on segments would be great.

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

A

Sounds good, Nigel. So, for Q3, we expect a strong pickup in sales. I mentioned about 10% organic sales growth, driven by a big step-up in commercial HVAC in data center deliveries, which will be up strong double digit. And then Resi will be growing also because of the absence of the prior year destocking, of course.

From an operating profit point of view, favorable volume and of course also price costs, partially offset by some investments we're making. From a margin point of view, margin of 16.5% driven by strong productivity and volume leverage, partially offset by investments and of course tariff-related pricing.

We get pricing, but it's there to offset tariffs. And so we don't really get a margin benefit from that. It's actually slightly a margin-dilutive impact.

From a sequential point of view, we're going from 17.2% to 16.5%. That's down about 70 bps, about 400 million or so lower sales. And a lot of that is, of course, because of the lower Residential and Light Commercial sales, and significantly higher Commercial sales. So that is a big mix.

Nigel Coe
Analyst, Wolfe Research LLC

Q

Okay. I'm just wondering if you could – sorry. Please go ahead.

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

A

No. Go ahead, Nigel.

Nigel Coe
Analyst, Wolfe Research LLC

Q

I was going to say, any color on Americas and Europe margins within that 16.5%?

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

A

Yes. For the Americas, we'll be at around 22%. Europe will be about double digits. Close to double digits. And then AME, a little over 10%. Mid-teens for Transportation. And that gets you total company at about 16.5%.

Nigel Coe
Analyst, Wolfe Research LLC

Q

Okay. And then just my follow-on is really I think the Americas margins, I think you're looking for sequential improvement. Q over Q sounds like price cost tariffs have been a bit more impactful, a bit more drag there. So just wondering if you could just maybe unpack how the Americas margin is moving?

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

A

No, the Americas margins sequentially will drop from 24.4% that we have in Q2. I did mention about 22% in Q3. And the biggest driver there is sequential sales down with a very large reduction sequentially in Resi/Light Commercial, which is the typical seasonal reduction, about $500 million-$600 million, and then a strong pickup in

Commercial sequentially. So, mix clearly is a big headwind sequentially. And then investments are up slightly sequentially as well. That's the main drivers of the sequential margin reduction in CSA.

Nigel Coe
Analyst, Wolfe Research LLC

Q

Okay. That's great. Thanks, Patrick.

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

A

Thank you.

Operator: Your next question comes from the line of Joe Ritchie with Goldman Sachs. Your line is now open. Please go ahead.

Joe Ritchie
Analyst, Goldman Sachs & Co. LLC

Q

Hey, guys. Good morning.

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

A

Good morning, Joe.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Good morning, Joe.

Joe Ritchie
Analyst, Goldman Sachs & Co. LLC

Q

Could we maybe just dig into this capacity ramp a little further? Obviously, the data center market continues to grow pretty aggressively for you guys, taking up the targets again for the year. I'm just wondering, like as you kind of think about the latent capacity you have that you're planning to build, like I'm curious how far out you're going to go? Like what's the potential kind of revenue run rate of the new capacity? And if there's any other color that you can provide on that $8 billion backlog, how much of that is coming from data center today?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. Joe, I'll start and let Patrick take the second part of that question. Look, as I mentioned that we would be able to support $2.5 billion in data centers with the capacity that we've effectively built. Remember that we've basically repurposed an entire facility to both air-cooled and water-cooled chillers that we have in North America. We've expanded in Charlotte by 50%, and it's clearly not enough to support the demand that we see for 2027, 2028, 2029 and beyond.

So we looked at it and said that we want to build. We want to build here in the United States, both Alabama and governor – the governors in both Alabama and Texas have been very, very supportive. It's an investment that is kind of in the zone of what you would expect for a building of that size and it's the kind of thing that – it's great as part of our expansion, but we're very careful not to get out over our skis if data center CapEx were to slow down the road because number one is that for someone like us, we would need to go from 10% to maintain share in the range of, say, 15% to 20%, which we can and will do versus others that may have started at 30% would have to maintain – if the overall volume slows, they would have to get share to something like 45%.

So we feel good about the investments we're making. We're trying to be very purposeful to make sure that our lines that we're setting up and that our product portfolio is as fungible as possible to non-data center applications. And I'm really proud that the kind of LTAs that we're establishing with both hyperscalers and some of the major colos give us tremendous contractual confidence in the kind of volume that we're going to see over these coming years.

Patrick, in terms of the backlog?

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

A

Yeah. Joe, our backlog, as I mentioned, it's actually north of $8 billion. Commercial backlog is about two-thirds, 70% of that, and 40% of that is data centers.

Joe Ritchie
Analyst, Goldman Sachs & Co. LLC

Q

Got it. That's helpful, Patrick. Just one quick follow-up there. So you mentioned the data center delivery impact in 2Q. I'm just curious of that $2 billion that you're now expecting for this year, how much came through in the first half versus the second half? Just basically trying to understand like what the impact was in 2Q as well.

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

A

Yeah. So Joe, in the first half, we saw about $500 million. So of the $2 billion, $1.5 billion is the balance of the year, with the huge ramp-up in the second half starting now.

Joe Ritchie
Analyst, Goldman Sachs & Co. LLC

Q

Okay, great. Thanks, guys.

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

A

Yeah. Thank you.

Operator: Your next question comes from the line of Alexander Virgo with Evercore ISI. Your line is now open. Please go ahead.

Alexander Virgo
Analyst, Evercore ISI International Ltd.

Q

Yeah. Thanks very much, gents. Good morning. I wondered if you could just help us a little bit with the margin dilution point, I guess. I just wonder if you can give us a sense of how much the impact was the investment in the quarter, presumably that's going to be a much bigger impact in the second half, and then I guess as we extend that into 2027.

I'm just trying to get a sense for the moving parts on margins as Commercial dilutes and Resi is obviously accretive. But the sequential point I get, Patrick, so that's fair enough, but as we look at Q4 and then into 2027, that would be super helpful. Thank you.

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

A

Okay. Well, let me first maybe go and say, compared to the new guide for the full year, as I mentioned, our operating profit and adjusted EPS is about 50% year-over-year with strong earnings conversion. Compared to prior guide, we're raising $1 billion in sales and $0.10 of EPS. The reason why that is not a stronger, bigger fall through is the investments that I mentioned. And this year, they will be roughly in the $100 million range.

And then I mentioned earlier, I talked the timing on the April 6 tariff change mitigation. I talked about that earlier when Scott asked the question. That's a timing point of view, so we'd expect that to be a headwind next year. And then the one-off items that should not repeat, which is the $0.05 related to the NORESCO exits and the new US facility.

I do not expect next year to have an incremental onetime set of investments related to data centers in top of the $0.05 that we're referring to now for the new site and the investments for the new facility. So going forward, of course, the margin will all depend on what's the mix of Resi versus Commercial. But if both of them grow at a similar rate, I would expect us to remain in that 25% to 30% conversion for the total company.

Alexander Virgo
Analyst, Evercore ISI International Ltd.

Q

Thanks, Patrick. Super helpful.

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

A

Thank you.

Operator: Your next question comes from the line of Andy Kaplowitz with Citigroup. Your line is open. Please go ahead.

Andrew Kaplowitz
Analyst, Citigroup Global Markets, Inc.

Q

Hey. Good morning, everyone.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Good morning, Andy.

Andrew Kaplowitz
Analyst, Citigroup Global Markets, Inc.

Q

Dave or Patrick, in CSE, maybe just an update on Viessmann. You told us heat pumps up 20%, boilers down high-single digit. I think you mostly raised the forecast, mentioned continued German subsidies, but maybe could you give us a little more color what you're seeing in the markets there. And then can you comment on the confidence level that you have in CSE Commercial turning with that better orders that you mentioned?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. Andy, I think the really good news is that we kind of finally have seen that inflection point on heat pumps. To see that we had sales up 20%, orders for Resi in the quarter were also up 20%. We see very strong demand for heat pumps clearly in Germany, but it's pretty uniform, a little bit following the war that broke out, that drove up natural gas prices.

But also when you look at subsidy applications this year, we would expect in Germany, we'd expect those numbers to be kind of back in that 2022 kind of numbers, which were, of course, at all-time highs. So we're kind of inflecting up in heat pumps. And so we like this ratio of natural gas – electricity and natural gas below [ph] 3 (00:35:01).

We like that Germany has clarified the heating law. They've kept in place key elements and they've also kept in place subsidies. We see that boilers will decline. Our model is typically set down around low- to mid-single digits. They were down high-single digits, which impacted us a bit. But we feel good with the overall formula. With heat pumps up, boilers would be coming down a bit. And then on the Commercial side, our orders were in the – a little bit north of 20% in the second quarter. So we saw – and frankly, that's kind of continued here. In July, we saw some nice orders over these last few weeks.

So, we're pretty well positioned for commercial HVAC to be up in the mid-single digit range in the second half. We feel good that things are turning on the Resi side. And we also here in the fall, we have this new product coming out that I mentioned in my prepared remarks on this Vitocal 200. That's really perfect because it maintains that Viessmann brand and all the features that customers expect, but it's going to be at a price point that's not only at the premium, but just at one layer below, which is very attractive for countries like Poland, Italy, elsewhere.

So, I think that if you look at the macro dynamics, you look at the new product introductions, you look at the way the team's overall performing that we're really poised for some nice growth in Europe. The issue that we've had is that we should have been more aggressive on costs and we're going to be aggressive on cost now.

Andrew Kaplowitz
Analyst, Citigroup Global Markets, Inc.

Q

Very helpful, Dave. And then maybe just your opinion on what's going on in Light Commercial and CSA. I mean, obviously, you changed your forecast pretty significantly here as well, much better outlook. Where is it coming from, Dave? Like which markets are driving it and confidence level there?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. Look the first half was clearly much stronger than we thought, kind of up 10%. And then you look at what's stronger than we thought. We've won some really big strategic national accounts, especially in retail. I can't list the customers' names, but they're household names that you would recognize right away, of course.

So we've won some big national strategic accounts. K-12 has been much better than we thought. Hospitality's been much better than we thought. And what I also was encouraged by is that field inventory levels are healthy. They ended 2Q down about 20%. Orders were strong. I think orders were up something like 30% in the quarter, so the team's performing well.

Our coverage for 3Q is quite good. So it's largely going to be – just like it is for commercial HVAC in the Americas. It's largely an execution issue and we have a team that knows how to execute. So, we feel pretty good. We feel very good about where Light Commercial was in the first half and where we'll be for the second half. I think Q3 will be up mid-single digits. Q4 will be up in the mid-teens. So we'll end up high-single digits, we expect, for the full year.

Operator: Your next question comes from the line of Deane Dray with RBC. Your line is open. Please go ahead.

Deane Dray
Analyst, RBC Capital Markets LLC
Q

Thank you. Good morning, everyone.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.
A

Hey, Deane. Before you ask your question, Patrick, Mike and I all want to wish you a congratulations on your next phase and we thank you. You've been such an icon in the industry for so many years. So congratulations to you on your retirement.

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

Congratulations, Deane.

Deane Dray
Analyst, RBC Capital Markets LLC
Q

I really appreciate that. It's been my privilege to follow Carrier as a public company, but also in the days going back to UTC. I really appreciate all the support and insight you and the team have provided me over the years. Wish you continued success. But I still have a couple questions, if that's okay.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.
A

No, it's good talking to you, Deane.

Deane Dray
Analyst, RBC Capital Markets LLC
Q

All right.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.
A

Go ahead.

Deane Dray
Analyst, RBC Capital Markets LLC
Q

Appreciate it. Hey, really good start to the cooling season that Mother Nature helped you to a degree. Any surprises in the regional demand and your ability to supply sometimes that – depending when you've got low channel inventory, that can be challenging. It didn't sound like any of that happened. But maybe we can start there. Thanks.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

No, I would say, we have not had issues with ability to supply. It's been in terms operationally, we've had some big swings, right? But we purposely made the decision at the end of last year to keep the facilities moving. We knew we'd have a bit more inventory coming into the cooling season internally, not in our channel, but internally because we kept the factories running.

So, it helped our ability to supply. Clearly, cooling degree days. We don't like to get into the weather. They were, I think, up something like 4%. So the heat did help not only here, but in places like Europe. Europe, we saw air conditioning orders up 20%, which will position us as we go here into 3Q.

But I think that things were a little bit strong in the southeast and the south – in the middle of the country, places like Florida and Texas. New home construction is probably going to be a bit better this year than we thought. We thought it'd be flat to down a little bit. It's probably up low-single digits. But other than that, I just think that at the end of the day, Deane, what we thought when we came into this year that all of the headwinds that we saw in the second half of last year would continue throughout the year.

And even though you're still dealing with higher interest rates, of course, and some pressure on the consumer, at the end of the day, there's pent-up demand in the United States for new homes. There's pent-up demand to increase existing homes, and we're fundamentally a replacement business. And there's only so long a customer can repair over replace. So things turned out that those kind of outweighed some of the tension in the macros.

Deane Dray
Analyst, RBC Capital Markets LLC

Q

That's real helpful. Just if you could expand on that last point, I know it's not an exact science, but any changes in the replace versus repair trends that we've seen?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

I think it's just less accentuated than it was last year. I think we're kind of returning to a replacement business. Like last year, you had some nuances with things like the canisters that was big in the second quarter, so our parts was down a little bit. That drove a lot of parts increase in the second quarter and we saw some of that headwind this year. But fundamentally, it feels to us like we're getting back to basics and it's a replacement market and we're heading back to it being a replacement market.

Deane Dray
Analyst, RBC Capital Markets LLC

Q

Great. Thank you and appreciate all the kind words.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Thanks, Deane, and best to you.

Operator: Your next question comes from the line of Chris Snyder with Morgan Stanley. Your line is open. Please go ahead.

Christopher M. Snyder
Analyst, Morgan Stanley & Co. LLC

Q

Thank you. I wanted to follow up on some of the Americas margin discussion. Is there anything you could provide us around where Americas' Commercial margins are running as we kind of think about the headwind into the back half on the big data center ramp? But then presumably, that segment will continue to grow in the out-years.

And then kind of on that same topic, anything that we should be thinking about from the capacity expansion in the out-years and what it could mean for margin? We've just seen a lot of companies invest capacity for great reasons obviously with the demand and all the success you and others are having. But I just kind of wondering, are you able to drive normalized incrementals through that? Thank you.

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

A

Sure. Chris, with respect to margins within CSA, this year, we expect the margins to be about flat overall so in the – between 20% and 21% or so. And the margins for Commercial would be a little bit below that. So they would be in the mid- to high-teens. And then the balance, of course, would be on the Residential and Light Commercial side. And we don't see that changing with data centers. We've mentioned in the past that generally, margins with data centers are accretive to the overall commercial HVAC margins that we see, and that is the case as well within CSA.

In terms of capacity expansion and margins, obviously, we look at this over several years. There is no indication we see that adding this capacity and especially given the expected volumes that we see over the next several years, that we would see our incrementals be lower than they otherwise would be. The main driver of the incrementals, I think, will continue to be what is the growth from Resi and Light Commercial versus Commercial.

If all of our growth comes from Commercial, clearly the incrementals will be somewhat less than if they come from Resi and Light Commercial, but that's no different than what it is today. So depending on the mix, Resi versus Commercial, that will impact whether the incrementals are closer to 30% versus 25%, but I don't see the new capacity alone having a big impact on this.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. The thing I'd add, Chris, to what Patrick said is in terms of Commercial margins, we mentioned in the last earnings call that if you think about where we were when we spun, our Commercial margins generally were about 5%. We needed to invest in the portfolio, invest in capacity, invest in technicians out in the field, spec engineers, it's been a complete revamp of our commercial HVAC business.

We mentioned that our margins have gone from mid-single digits to up in the mid-teens, and the margins in the commercial HVAC business in the Americas has been a bit even higher than that. So it's been a complete turnaround of that business. So these investments and the great work by the team, the customer relationships have really positioned us. And as we start to see that volume come through the capacity that we've invested in, we'd expect very nice absorption in the factories.

Christopher M. Snyder
Analyst, Morgan Stanley & Co. LLC

Q

No, I appreciate all of that. It's really been an incredible revamping of the Commercial business over the last five or so years. Maybe if I could follow up on Resi. And it's great to see the 20% growth guide for the back half. But I guess kind of my question is, what gives you guys confidence that underlying demand in Resi is getting better because up 20%, but they are comping down 30% and 40%. So it's not necessarily – or just not showing improvement on a two-year stack. So I guess like what do you guys see, whether it's [ph] anecdotally (00:46:03) or in the data that gives you guys confidence that the demand is turning and this market is back on a pathway to, I think, the $9 million like medium-term outlook that you guys called out? Thank you.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah, Chris, we expect movement in the second half to be up mid-single digits. So when you kind of get past all of the year-over-year comps and you get past the absence of destocking that's going to give us 10 points, at the end of the day, we're looking at movement up mid-single digits. We've been very careful on field inventory levels.

I mentioned that we ended the quarter down 25% year-over-year. I think as we sit here today, we're down something like 20%. So we've been working very closely with distributors. And we do things like track inbound calls into our dealers and distributors and we're seeing that it's been healthier than we expected. After last year, we put work into refining some of the key indicators that we look at for our modeling calls, especially into our bigger dealers and distributors has been higher than we expected.

And I think at the end of the day, there's a sense that people are just getting a little bit more comfortable being uncomfortable with higher mortgage rates. There's some tension out there, of course, with higher fuel prices. But at some point, there's just too much pent-up demand for new home construction because we have 4 million or 5 million too few homes in the United States.

There's pent-up demand for existing home sales to increase because they've been at 20-year lows. So we think we're just at a turning point where people are getting – accepting a little bit of the macros that have been a little bit headwinds. And again, we're a replacement business. So, some of the anecdotal information would support movement up mid-single digits in the back half.

Christopher M. Snyder
Analyst, Morgan Stanley & Co. LLC

Q

Thank you, Dave. I really appreciate all that color.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. Thanks, Chris.

Operator: Your next question comes from the line of Andrew Obin with Bank of America. Your line is open. Please go ahead.

Andrew Obin
Analyst, BofA Securities, Inc.

Q

Yeah. Good morning.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Hey, Andrew.

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

A

Hey, Andrew.

Andrew Obin
Analyst, BofA Securities, Inc.

Q

Just a question on Europe. Can you just talk about structurally what is taking place in Europe given the weather patterns? Because my understanding is just from a regulatory standpoint, there are barriers to putting HVAC units in schools and hospitals and there's actually an ongoing discussion about changing it. But what are sort of legislative and regulatory goalposts we need to see to see more adoption into 2027?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. It's a surprising thing because there has been some reluctance in parts of Europe to put in air conditioning when we're seeing the kind of fatalities that we're seeing in countries like France and Germany. It really makes no sense because you think about the boiler industry, it's essentially a fossil fuel industry. And a lot of the – of course, the air conditioning that we're putting in is electric.

So, I think we're starting to see some of the attitudes change in some of the key countries. There's been historical reluctance, but we're seeing attitudes start to change given the extended heat waves that we've been seeing now for a number of summers in a row, and this one has certainly been fairly extreme. And now you're unfortunately seeing fires in major countries.

So, we have introduced great products. We, of course, have our Toshiba product line. We have both Viessmann- and Carrier-branded residential air conditioning that we've now introduced. We have a phenomenal channel. Our dealer, our installer channels chomping at the bit to get more engaged. We have a traditional channel that we've used on the Toshiba site, and we have a great presence.

So we do think that legislation will start to be more proactive and encouraging and not discouraging air conditioning, especially in schools where they're having to close schools down in the summertime for kids. We're seeing the key demand in hospitality. We're seeing demand in homes. So, I do think that as unfortunate as the impact has been on Europe over these past months, I think it's going to drive an inflection point. And again, we saw it in our orders where air conditioning residential orders were up 20% in the second quarter.

Andrew Obin
Analyst, BofA Securities, Inc.

Q

And just a follow-up question. Thank you. Just a follow-up question on data centers. So you said that it's going to be $2 billion for the year. I think you said $500 million in first half, $1.5 billion in the second half. But I think you also said that exit rate is going to be at $2.5 billion. And I'm just sort of trying to sort of do the math and it implies that third quarter in data centers could be stronger than fourth quarter. I'm clearly missing something. Could you just walk me through that? Just if you take $2.5 billion divided by four, you're just sort of get less than half of $1.5 billion.

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

A

Yeah. Those numbers were from before the building of the new site. Q4 will be higher than Q3 in data centers. And so if you just take Q4, do that times four, you get well north of $2.5 billion. That's why we need the new...

Andrew Obin
Analyst, BofA Securities, Inc.

Q

Okay. So the exit rate is not $2.5 billion. Got you. Thank you.

Operator: Your next question comes from the line of Varun Govindaraj with Bernstein. Your line is open. Please go ahead.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

Okay. Good morning everyone. Congrats on the strong trend.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Good morning, Varun.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

Hey. Perfect. So quick question from my end. When you look at the back half of $1.5 billion of data center revenue, what's the degree of confidence over there? The reason I ask is because clearly it's back-weighted, but then there's also been some chatter from some of your peers about customers pushing out delivery and potential delays. Have you seen that in the first half? Any concerns over there? And if yes, how are you mitigating it?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. Look, there's – it's never a perfect science when you're trying to work with your customers on the exact week that they're going to take the delivery. So there's always a bit of perturbation from month-to-month, but what I'll tell you is that we're fully booked for the second half. There is huge demand from our customers, so they are pushing us to accelerate deliveries, not risking pushing those out into 2027.

As we think about the back half, it's purely an execution issue. We've moved a lot of additional resources into supply chain, into supplier quality, into the quality in our own factories. Our commitment to our customers is to be perfect quality, perfect delivery.

It's not easy with this kind of ramp that we're seeing. I've lived through ramps like this, so we have all hands on deck to ensure that we have the capacity in our own factories, but we're into a level of detail of making sure that we have the right number of brazing people on second shift. We have the right people on site at our key suppliers. So we're fully doing all the right things.

Clearly, there's a ramp in the second half, but we're fully doing the right things to make sure that we achieve it. And our customers want the product.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

Understood. Very helpful. And then as a quick follow-up, when I look at Carrier's portfolio for data centers, it is heavily weighted towards chillers. Any concerns about things like double ordering over there, just given the amount of demand that you're seeing from customers? And then if yes, how are you sort of managing that with penalties, with anything else?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

No, we're not concerned about double demand. I think what we're seeing is that we're building more strategic relationships with our customers. They're building, almost think about it as kind of a rotable pool that we're delivering to. And they want to make sure that in terms of speed to power, speed to market, that they have the chillers that they need for their various sites.

So we've built strategic relationships. We're building into – we're delivering into a pool. They've established a certain amount of share that they expect to give us. So we feel that the supply, the demand that we're receiving supports the demand that they need.

We will see a continued increase in liquid cooling. I will mention that the team's doing a great job on that. We have a 1.3 megawatt CDU that we've seen good demand for here in the United States in 2Q. We're going to be launching this quarter our 2.5, 2.6 megawatt CDU. We'll be on track for our 5 megawatt CDU around the end of this year.

So, we've looked at acquisitions in the space. We've made the decision for now to focus on organic growth on liquid cooling. We've seen some nice demand there, and we'll continue to invest in that space as well.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

Very helpful. Thanks so much.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Thank you.

Operator: Your next question comes from the line of Stephen Volkmann with Jefferies LLC. Your line is open. Please go ahead.

Stephen Volkmann
Analyst, Jefferies LLC

Q

Great. Good morning, guys. Thanks for taking the question. Dave, can you just talk a little bit about price in North America Resi? It sounds like it's going to accelerate more in the second half. Are there more increases coming? How are you managing that?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. It's kind of moved around this year. After the tariffs came out, we had said that we would increase price, the list price around 8% and expect to yield kind of in that 6% to 7% range. We then – when the tariffs reduce from 25% for the Section 232 tariffs to 10% to 15%, depending on your steel content, we reduced price a little – a bit.

What we ended up realizing with all of the perturbations in 2Q is I think in 2Q, we were around 3%. We do expect to get a little bit better price by a point or two in the back half of the year, and we're monitoring this very closely.

We've actually been doing very well on share. I would expect when all is said and done this year, that we gain a tiny bit of share, but we want to at least maintain share. So that's kind of a balancing act that we always have to manage. But I would say that when all is said and done for Resi this year, we should be in the probably 4% range and we're managing our way through that.

Stephen Volkmann
Analyst, Jefferies LLC

Q

Okay, great. Thanks. And then anything to say about China? Can that business kind of ever come back? How are you thinking about that?

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Yeah. I would bifurcate it between commercial and the residential business in China. We're well positioned on the commercial space. The team has been driving very good attraction from some key customers. Some of the verticals, including here in July that we've seen some nice orders from the data centers. Electronics fab has been significant over there, some of the renewable space.

So look, commercial HVAC is well positioned. We have a great partnership with Shanghai Electric that goes back decades. We have a good product portfolio, a good team and a good presence. So we feel good about the commercial HVAC business. Clearly, the other parts of that region have done very, very well. I mean, India up 35%. Southeast Asia was up north of 20%. And I just want to give a shout out to our team in the Middle East. In the Middle East in the last quarter, we were up 35% in the midst of a war. So hats off to the team there.

When it comes to the Resi business in China, it's been soft for a while, and the housing market is very difficult in China. And what we have to grapple with as a team is what's the investment required to fundamentally improve the business and how long will this housing headwind continue for this RLC business in China? And that's a question that we ask ourselves quite a bit.

Stephen Volkmann
Analyst, Jefferies LLC

Q

Great. Good color. Thank you.

David L. Gitlin
Chairman & Chief Executive Officer, Carrier Global Corp.

A

Thank you.

Operator: This concludes our question-and-answer session. I will now turn the call back to David Gitlin for closing remarks.

David L. Gitlin

Chairman & Chief Executive Officer, Carrier Global Corp.

Okay. Well, thank you all for your continued confidence in us. And I want to thank our 50,000 team members around the world. This team continues to show up every day, work as One Carrier and deliver for our customers. So a deep appreciation to our team. Thank you all.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.