

Q4 2024 Earnings Conference Call

February 11, 2025







2024 Summary

Sales

Adjusted Operating Profit¹ **\$22,486M** Organic¹ +3% Y/Y

\$3,542M +34% Y/Y

Adjusted Operating Margin¹

Adjusted EPS¹

15.8% +180 bps Y/Y

> **\$2.56** +16% Y/Y

Highlights

Carrier orders up low-teens, commercial HVAC backlog up midteens

Commercial HVAC and aftermarket² sales both up double-digits for the fourth consecutive year

Strong adjusted operating performance and margin expansion¹

Successful integration with VCS

>\$10B of gross proceeds from divestitures

Paid down debt – back to ~2x net leverage

>\$2.6B returned to shareholders through dividends and repurchases

Strong results while successfully completing game-changing portfolio transformation



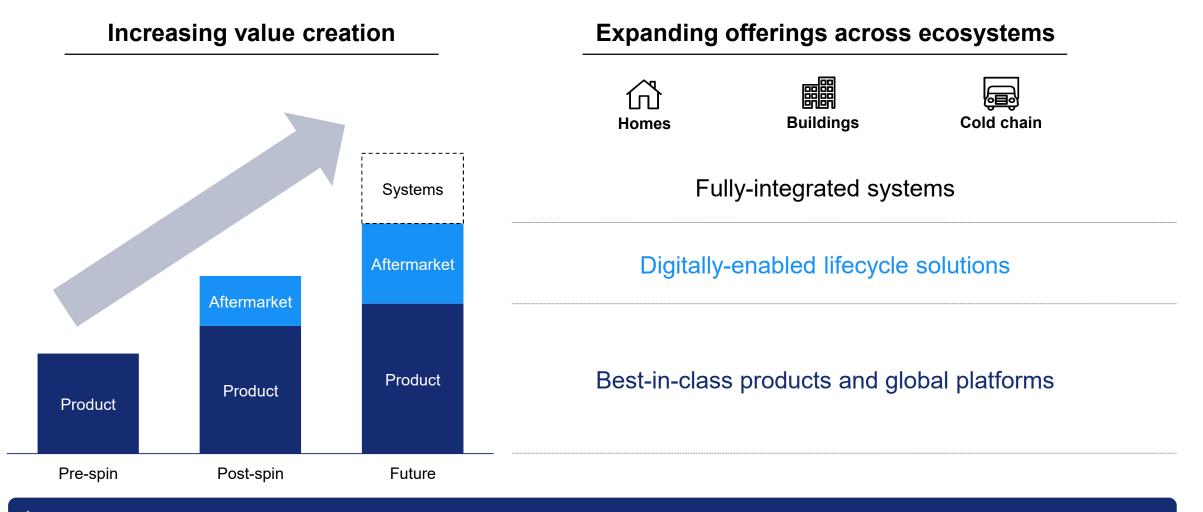
Unleashing value creation with transformed Carrier

Build Foundation	Performing while Transforming	Accelerating growth
2020 - 2022	2023 - 2024	2025+
Performance culture Portfolio clean-up	Defined vision: Global Leader in Intelligent Climate and Energy Solutions Combined with Viessmann Climate	Laser focused on customers Pure-play climate and energy solutions company
Simplification and focus	Solutions	100% exposed to secular trends
Carrier Excellence and productivity	Divested businesses for a combined mid-teens EBITDA multiple	Leading positions in all major geographies
Prioritized aftermarket	Strong execution and productivity	
Invested in innovation / differentiation	Continued margin expansion	Continued aftermarket and productivity execution

Carrier positioned to accelerate growth in 2025 and beyond



Expanding addressable market and value to customers



Driving growth through higher margin and differentiated offerings to customers across ecosystems



Strategic focus areas

Growth	2025 Priorities
Deet in also a weedwate and also al alsoftermen	New product launches leveraging common, global platforms
Best-in-class products and global platforms	High efficiency residential and commercial heat pumps, data center portfolio expansion and transport electrification
	Double digit aftermarket growth for the fifth consecutive year
Digitally anabled lifesycle solutions	 Increase CHVAC installed base under long-term service agreements (coverage) by ~10%
Digitally-enabled lifecycle solutions	Increase connectivity and enhanced digital value propositions
	Expand mods and upgrade offerings to reduce energy consumption
Fully-integrated systems	Grow home energy management system sales in US and Europe
r uny-integrated systems	Increase integrated systems sales for key verticals and the cold chain
Margin expansion and productivity	Projecting +~100 bps of margin expansion
	Continued investments in organic growth
Disciplined capital deployment	\$1.2B planned debt paydown February 2025
	 ~\$3.8B capital returns to shareholders through dividends and share repurchases

1.4.1

Global Leader in Intelligent Climate and Energy Solutions



Executing on our financial goals

2025 Guidance

\$22.5 – \$23.0B ~\$750M revenue headwind from CCR exit Organic¹ +MSD Y/Y

Adjusted Operating Margin¹

16.5 – 17.0% +~100 bps Y/Y

Adjusted EPS¹

\$2.95 - \$3.05 +15-20% Y/Y

Free Cash Flow¹

\$2.4 **–** \$2.6B

Highlights

Accelerating growth in 2025, driven by continued double-digit aftermarket and commercial HVAC growth

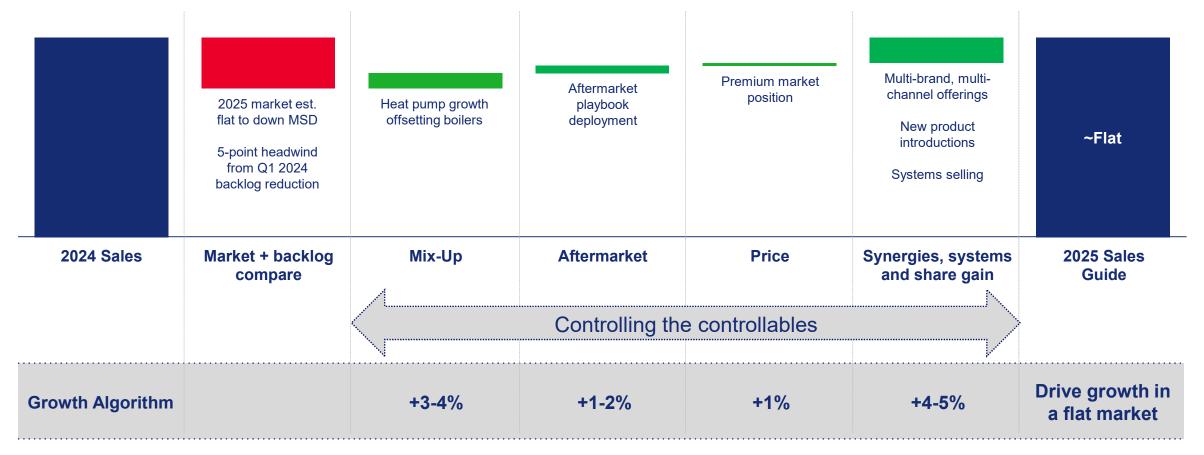
Projecting +~100 basis points of margin expansion driven by productivity

Maintaining a balanced capital deployment strategy with ~100% FCF conversion

Expect another year of strong adjusted EPS growth



Viessmann Climate Solutions update







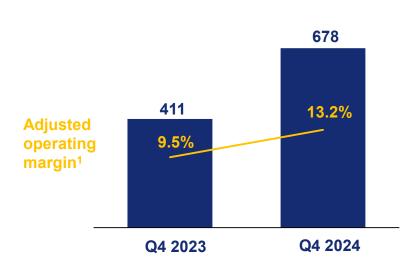


Continued strong performance in Q4

(\$Ms, except per share amounts)



Adjusted operating profit



Adjusted operating profit¹ increase driven by the contribution of Viessmann Climate Solutions, organic growth, and productivity

Adjusted operating profit margin¹ expansion driven by price and net productivity partially offset by investments

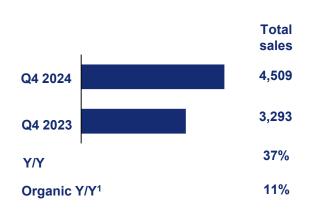
Adjusted earnings per share

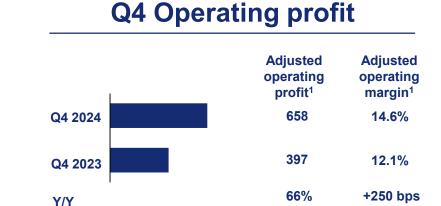


Strong momentum entering 2025

HVAC results Q4 and FY 2024

Q4 Sales



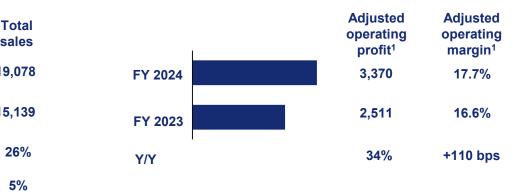


2024 Sales



Carrier

2024 Operating profit



Q4 Highlights

- Americas organic sales up +HTs
 - NA Resi pre-buy in-line with expectations; strong movement
 - Commercial +MTs, LCML ~(10%)
- Europe and Asia organic sales ~flat
- Aftermarket² sales up MTs
- Strong margin expansion driven organic growth and net productivity

FY 2024 Highlights

- Americas organic sales up +HSD
 - NA Resi +HSD
 - LCML +LSD, Commercial +HTs
- Europe and Asia organic sales down LSD
- Aftermarket² sales +LTs
- Strong margin expansion driven by organic growth and productivity

Refrigeration results Q4 and FY 2024

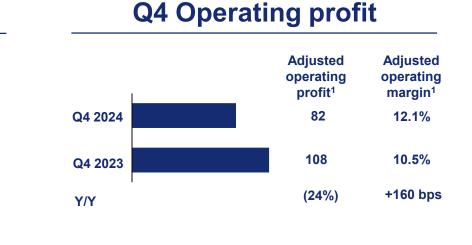
 Q4 2024
 Total sales

 Q4 2023
 680

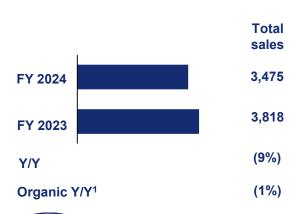
 Y/Y
 (33%)

 Organic Y/Y¹
 (6%)

Q4 Sales

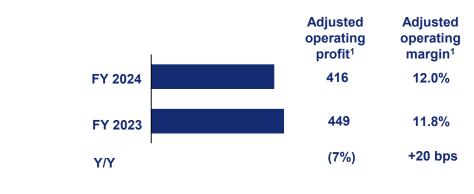


2024 Sales



Carrier

2024 Operating profit



Q4 Highlights

- Global Truck and Trailer sales down ~10% driven by declines in North America
- Container (LSD), Sensitech +MSD
- Aftermarket sales up +MSD
- Margin expansion driven by strong productivity and Commercial Refrigeration exit

FY 2024 Highlights

- Global Truck and Trailer sales down HSD driven by declines in North America; Asia sales up HTs
- Container sales up ~25%, Sensitech +HSD
- Aftermarket sales up +MSD
- Margin expansion driven by price and productivity

(\$Ms)

Q4 Organic order trends

HVAC segment	Y/Y	Refrigeration segment	Y/Y
Americas ¹	~10%	Global truck and trailer	~80%
Residential	10 – 15%	Container	~40%
Light commercial	(25%) – (20%)	Total Refrigeration ³	~55%
Commercial ¹	10 – 15%		
EMEA ²	(5%) – 0%		
Residential and Light commercial ²	(10%) – (5%)		
Commercial	~Flat		
Asia Pacific	(10%) – (5%)		
Total HVAC ^{1,2}	~5%	Total Carrier ^{1.2,3}	+Low-teens
Global Commercial HVAC ¹	~10%		

Record year-end commercial HVAC backlog levels driving strong momentum into 2025



2025 Organic sales¹ guidance

	2024 Actual	2025 Outlook
HVAC Americas Residential Light commercial Commercial	~\$10.5B	+HSD +HSD +L-MSD +DD
HVAC Europe Residential and Light commercial Commercial	~\$5.0B	+LSD ∼Flat +DD
HVAC Asia China Other Asia	~\$3.5B	+LSD ~Flat +MSD
Total HVAC	~\$19.1B	Up ~MSD
Refrigeration	~\$3.5B ~\$2.7B (w/o CCR)	Up ~MSD Down ~20% reported
Total Carrier	~\$22.5B ~\$21.7B (w/o CCR)	Up ~MSD Up ~LSD reported



1

2025 Profit and cash guidance

Segment	2024 Actual	2025 Outlook
HVAC adj. operating profit ¹	\$3,370M 17.7% Margin	18.25 – 18.5% Margin Up 50 – 75 bps
Refrigeration adj. operating profit ¹	\$416M 12.0% Margin	~15.5% Margin Up ~350 bps
Carrier adj. operating profit ¹ (continuing operations)	\$3,542M 15.8% Margin	16.5 – 17.0% Margin Up ~100 bps
Free cash flow ¹	~Flat	\$2.4 – \$2.6B

Free cash flow'	~riat	\$2.4 — \$2.6B
Share repurchases	~\$2B	~\$3B



FY 2025 Adjusted EPS¹ guidance bridge



See appendix for additional information regarding non-GAAP measures

Carrier



Historic portfolio transformation completed

Solid 2024 results marked by strong orders, organic growth, adjusted margin expansion and adjusted EPS growth

Enterprise focus and record fourth-quarter Commercial HVAC backlog position Carrier well for 2025



APPENDIX

Additional items

	2024 Actual	2025 Guidance
Average shares outstanding (diluted)	911.7M	~865M
Corporate expenses / eliminations and other ¹	\$244M	~\$280M ²
Adjusted interest expense, net ¹	\$436M	\$350 – \$360M
Adjusted effective tax rate ¹	21.3%	~22.0%
Non-controlling interest	\$104M	~\$110M
Capital expenditures	\$519M	~\$500M
Depreciation and amortization	\$1.2B	~\$1.2B



See appendix for additional information regarding non-GAAP measures 1.

2025 corporate cost reduction offset by an operating entity moving to HVAC segment and 2024 Q4 Earnings | February 11, 2025 2. FX hedging performance

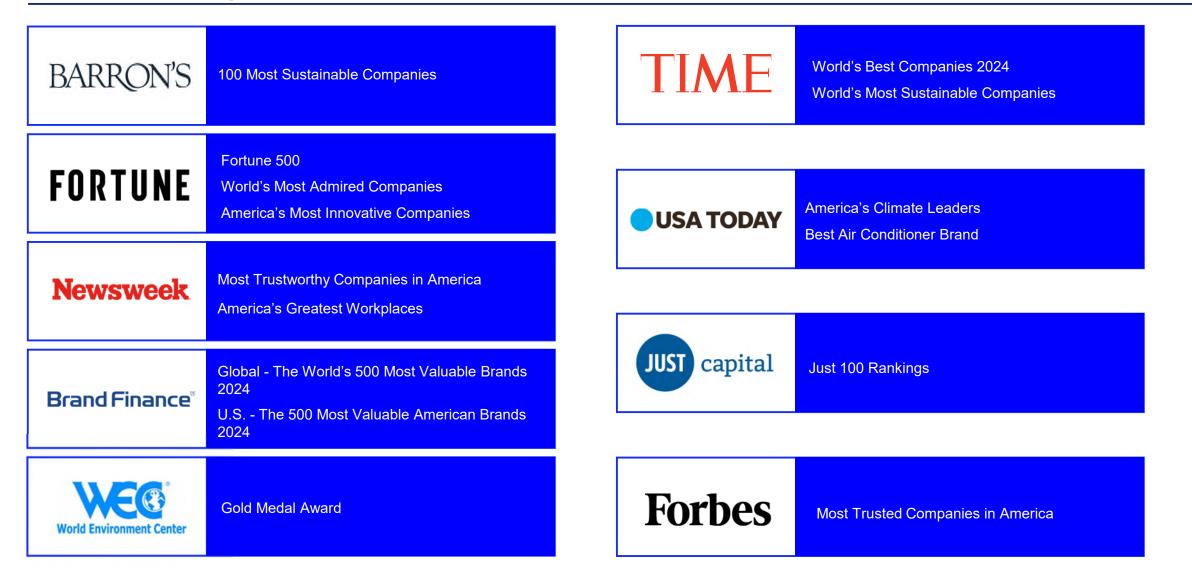
Additional items: regional and reported sales (ex. CCR)¹

	1Q-24	2Q-24	3Q-24	4Q-24	FY-2024
IVAC					
HVAC Americas	2,361	2,865	2,960	2,341	10,527
HVAC Europe	1,292	1,194	1,246	1,251	4,983
HVAC Asia	884	902	840	874	3,500
Intercompany / Other	5	10	11	41	67
2024 Reported Sales	4,541	4,970	5,058	4,509	19,078
Intercompany / Other	(5)	(10)	(11)	(41)	(67)
2024 External Sales	4,536	4,960	5,047	4,468	19,011
Refrigeration					
2024 Reported Sales	884	973	938	680	3,475
Commercial Refrigeration (CCR)	(241)	(254)	(267)	0	(762)
2024 External Sales excluding CCR	643	719	671	680	2,713
Carrier					
2024 Segment Sales	5,425	5,944	5,995	5,189	22,553
Intercompany / Other	(5)	(10)	(11)	(41)	(67)
2024 Reported Sales	5,420	5,934	5,984	5,148	22,486
Commercial Refrigeration (CCR)	(241)	(254)	(267)	0	(762)
2024 External Sales excluding CCR	5,179	5,680	5,717	5,148	21,724



(\$Ms)

2024 Recognitions and awards





Use and definitions of non-GAAP financial measures

Carrier Global Corporation ("we" or "our") reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

Organic sales, adjusted operating profit, adjusted operating margin, incremental margins / earnings conversion, earnings before interest, taxes and depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted net income (loss), adjusted earnings per share ("EPS"), adjusted interest expense, net, adjusted effective tax rate and net debt are non-GAAP financial measures and are associated with Carrier's continuing operations unless specifically noted.

Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items of a nonoperational nature (hereinafter referred to as "other significant items"). Adjusted operating profit represents operating profit (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted operating margin represents adjusted operating profit as a percentage of net sales (a GAAP measure). Incremental margins / earnings conversion represents the year-over-year change in adjusted operating profit divided by the year-over-year change in net sales. EBITDA represents net earnings (loss) attributable to common shareholders (a GAAP measure), adjusted for interest income and expense, income tax expense, and depreciation and amortization. Adjusted EBITDA represents EBITDA, as calculated above, excluding non-service pension benefit, non-controlling interest in subsidiaries' earnings from operations, restructuring costs and other significant items. Adjusted net income (loss) represents net earnings (loss) attributable to common shareholders (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted net income (loss) represents net earnings (loss) attributable to common shareholders (a GAAP measure), excluding restructuring costs, amortization of acquired intangibles and other significant items. Adjusted EPS represents diluted earnings persents (a GAAP measure), excluding other significant items. Adjusted interest expense, net represents interest expense (a GAAP measure) and interest income (a GAAP measure), net excluding other significant items. Adjusted interest expense, net represents interest expense (a GAAP measure) and interest income (a GAAP measure), net excluding other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP meas

Free cash flow is a non-GAAP financial measure that represents net cash flows provided by operating activities (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing our ability to fund its activities, including the financing of acquisitions, debt service, repurchases of our common stock and distribution of earnings to shareowners.

Orders are contractual commitments with customers to provide specified goods or services for an agreed upon price and may not be subject to penalty if cancelled.

When we provide our expectations for organic sales, adjusted operating profit, adjusted operating margin, adjusted interest expense, net, adjusted effective tax rate, incremental margins/earnings conversion, adjusted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected net sales, operating profit, operating margin, interest expense, effective tax rate, incremental operating margin, diluted EPS and net cash flows provided by operating activities) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, future restructuring costs, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

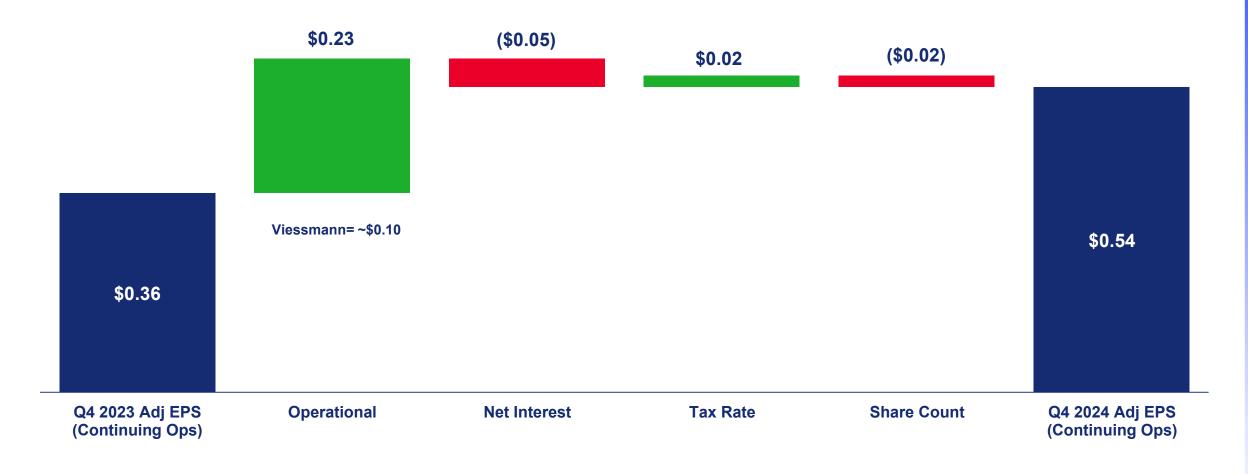


Discontinued operations

In 2023, the Company announced plans to exit its Fire & Security and Commercial Refrigeration businesses over the course of 2024. The announced plan to exit the Fire & Security segment represented a single disposal plan to separately divest multiple businesses over different reporting periods. Upon the Commercial and Residential Fire Business qualifying as held for sale during the three months ended September 30, 2024, the components of the Fire & Security segment in aggregate met the criteria to be presented as discontinued operations in the Company's unaudited condensed consolidated statement of operations and unaudited condensed consolidated statement of cash flows. In addition, the assets and liabilities of the Commercial and Residential Fire Business have been reclassified to held for sale at December 31, 2023. The results of the Commercial Refrigeration business did not meet the criteria to be presented in discontinued operations. Accordingly, all financial measures presented herein, including non-GAAP financial measures, are associated with Carrier's continuing operations unless specifically noted.

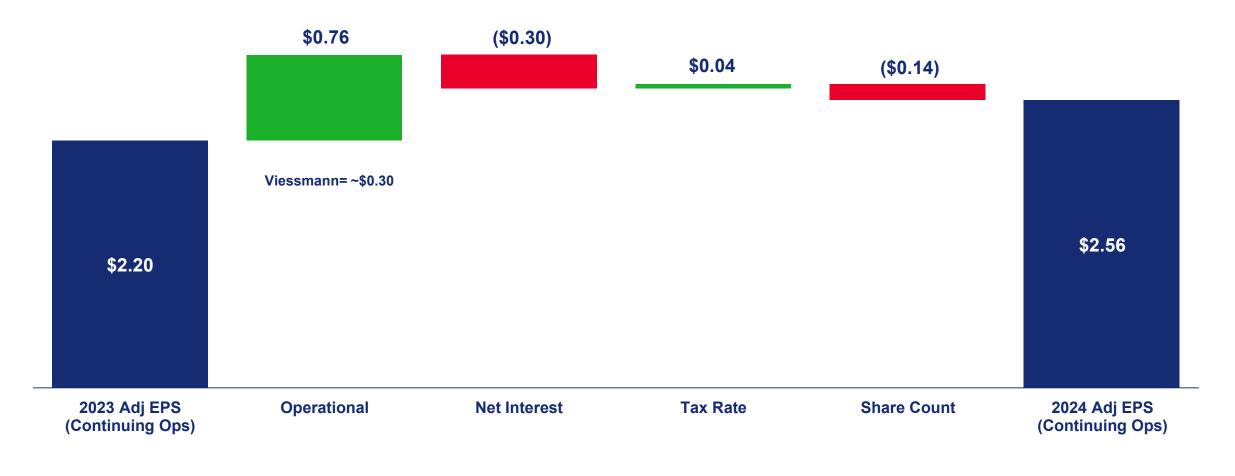


Q4 2024 Adjusted EPS¹ bridge





FY 2024 Adjusted EPS¹ bridge



Carrier

Three Months Ended December 31, 2024 Compared with Three Months Ended December 31, 2023

		(Unaudited)							
		Factors Contributing to Total % change in Net Sales							
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total				
HVAC	11%	%	26%	%	37%				
Refrigeration	(6)%	%	(27)%	%	(33)%				
Consolidated	6%	<u> %</u>	13%	_%	19%				

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

		(Unaudited)							
		Factors Contributing to Total % change in Net Sales							
	Organic	FX Translation	Acquisitions / Divestitures, net	Other	Total				
HVAC	5%	%	21%	%	26%				
Refrigeration	(1)%	%	(8)%	%	(9)%				
Consolidated	3%	<u> %</u>	16%	%	19%				



Q4 2024 Adjusted Operating Profit Reconciliation

	(Unaudited) Three Months Ended December 31, 2024										
(InMs)	HVAC		Refrigeration		Eliminations and Other		General Corporate Expenses			Carrier	
Net sales	\$	4,509	\$	680	\$	(41)	\$	—	\$	5,148	
Segment operating profit	\$	451	\$	396	\$	(11)	\$	(62)	\$	774	
Reported operating margin		10.0 %	6	58.2 %						15.0 %	
Adjustments to segment operating profit:											
Restructuring costs	\$	1	\$	3	\$	7	\$		\$	11	
Amortization of acquired intangibles		172		_						172	
Acquisition step-up amortization (1)		30		1						31	
Acquisition/divestiture-related costs		4						4		8	
CCR gain				(318)						(318)	
Total adjustments to operating profit	\$	207	\$	(314)	\$	7	\$	4	\$	(96)	
Adjusted operating profit	\$	658	\$	82	\$	(4)	\$	(58)	\$	678	
Adjusted operating margin		14.6 %	6	12.1 %						13.2 %	

⁽¹⁾ Amortization of the step-up to fair value of acquired inventory and backlog.

Q4 2023 Adjusted Operating Profit Reconciliation

					(Una	udited)					
	Three Months Ended December 31, 2023										
(InMs)				rigeration	Eliminations and Other		General Corporate Expenses			Carrier	
Net sales	\$	3,293	\$	1,024	\$	(1)	\$	—	\$	4,316	
Segment operating profit	\$	335	\$	101	\$	224	\$	(121)	\$	539	
Reported operating margin		10.2 %	%	9.9 %						12.5 %	
Adjustments to segment operating profit:											
Restructuring costs	\$	17	\$	7	\$	8	\$	—	\$	32	
Amortization of acquired intangibles		35		—		_		—		35	
Acquisition step-up amortization (1)		10		_		_		_		10	
Acquisition/divestiture-related costs				—		_		65		65	
Bridge loan financing costs				—		2		—		2	
Viessmann-related hedges			_			(272)		_		(272)	
Total adjustments to operating profit	\$	62	\$	7	\$	(262)	\$	65	\$	(128)	
Adjusted operating profit	\$	397	\$	108	\$	(38)	\$	(56)	\$	411	
Adjusted operating margin		12.1 %	6	10.5 %	5					9.5 %	

⁽¹⁾ Amortization of the step-up to fair value of acquired inventory and backlog.

2024 Adjusted Operating Profit Reconciliation

				(Una	udited)			
			Year En	ded De	ecember 3	1, 202	24	
(InMs)	HVAC	Re	frigeration	Eliminations and Other		General Corporate Expenses		Carrier
Net sales	\$ 19,078	\$	3,475	\$	(67)	\$	—	\$ 22,486
Segment operating profit	\$ 2,308	\$	715	\$	(95)	\$	(282)	\$ 2,646
Reported operating margin	12.1 %	6	20.6 %					11.8 %
Adjustments to segment operating profit:								
Restructuring costs	\$ 87	\$	8	\$	13	\$	_	\$ 108
Amortization of acquired intangibles	689				_		_	689
Acquisition step-up amortization (1)	281		1				_	282
Acquisition/divestiture-related costs	5		10		—		80	95
CCR gain			(318)		—		_	(318)
Viessmann-related hedges	_		_		86		_	86
Gain on liability adjustment (2)	 	_			(46)			 (46)
Total adjustments to operating profit	\$ 1,062	\$	(299)	\$	53	\$	80	\$ 896
Adjusted operating profit	\$ 3,370	\$	416	\$	(42)	\$	(202)	\$ 3,542
Adjusted operating margin	 17.7 %	6	12.0 %					15.8 %

⁽¹⁾ Amortization of the step-up to fair value of acquired inventory and backlog.

⁽²⁾ Gain associated with an adjustment to our tax-related liability owed to UTC.

2023 Adjusted Operating Profit Reconciliation

					(Una	udited)						
	Year Ended December 31, 2023											
<u>(InMs)</u>		HVAC Refi		frigeration	Eliminations and Other		General Corporate Expenses			Carrier		
Net sales	\$	15,139	\$	3,818	\$	(6)	\$	—	\$	18,951		
Segment operating profit	\$	2,275	\$	428	\$	(200)	\$	(343)	\$	2,160		
Reported operating margin		15.0 %	6	11.2 %	ó					11.4 %		
Adjustments to segment operating profit:												
Restructuring costs	\$	44	\$	21	\$	10	\$	—	\$	75		
Amortization of acquired intangibles		143								143		
Acquisition step-up amortization (1)		41								41		
Acquisition/divestiture-related costs		_		_				123		123		
Bridge loan financing costs		_		_		3		_		3		
TCC acquisition-related gain (3)		8						_		8		
Viessmann-related hedges						96				96		
Total adjustments to operating profit	\$	236	\$	21	\$	109	\$	123	\$	489		
Adjusted operating profit	\$	2,511	\$	449	\$	(91)	\$	(220)	\$	2,649		
Adjusted operating margin		16.6 %	6	11.8 %	ó					14.0 %		

⁽¹⁾ Amortization of the step-up to fair value of acquired inventory and backlog.

(3) The carrying value of our previously held TCC equity investments were recognized at fair value and subsequently adjusted.

Q4 and 2024 EPS Reconciliation

						(Unaud	lited)					
]	Three Mo	nths E	nded Decemb	oer 3	Year Ended December 31, 2024						
(In millions, except per share amounts)	Reported		Adjustments		A	djusted	Reported	Adjustments			Adjusted	
Net sales	\$	5,148	\$	—	\$	5,148	\$ 22,486	\$	_		\$ 22,486	
Operating profit	\$	774		(96) a	\$	678	\$ 2,646		896	ı	\$ 3,542	
Operating margin		15.0 %				13.2 %	11.8 %				15.8 9	
Earnings before income taxes	\$	693		(87) a,b	\$	606	\$ 2,274		831	ı,b	\$ 3,105	
Income tax (expense) benefit	\$	(723)		627 c	\$	(96)	\$ (1,062)		400	;	\$ (662)	
Effective tax rate		104.3 %				15.8 %	46.7 %				21.3 %	
Earnings from continuing operations attributable to common shareowners	\$	(48)	\$	540	\$	492	\$ 1,108	\$	1,231	-	\$ 2,339	
Summary of Adjustments:												
Restructuring costs			\$	11 a				\$	108 4	ı		
Amortization of acquired intangibles				172 a					689	ı		
Acquisition step-up amortization (1)				31 a					282	ı		
Acquisition/divestiture-related costs				8 a					95 8	ı		
CCR gain				(318) a					(318)	ı		
Viessmann-related hedges				a					86 4	ı		
Gain on liability adjustment (2)				— a					(46)	ı		
Debt extinguishment (gain)				b					(97) ¹	,		
Debt prepayment costs				9 b					32	,		
Total adjustments			\$	(87)				\$	831			
Tax effect on adjustments above			\$	(35)				\$	(262)			
Tax specific adjustments (3)				662					662			
Total tax adjustments			\$	627 c				\$	400	;		
Diluted shares outstanding		903.4				903.4	911.7				911.7	

Continuing operations		\$ (0.05)	\$	().54	\$ 1.22		\$ 2.56

⁽¹⁾ Amortization of the step-up to fair value of acquired inventory and backlog.

⁽²⁾Gain associated with an adjustment to our tax-related liability owed to UTC.

 $^{(3)}$ Tax expense associated with the integration of the Viessmann and Carrier legal entity structure.



Q4 and 2023 EPS Reconciliation

	(Unaudited)												
		Three Mor	ths E	nded Decem	oer (31, 2023	Year Ended December 31, 2023						
(In millions, except per share amounts)	Reported		Adjustments		A	Adjusted	Reported		Adjustments			Adjusted	
Net sales	\$	4,316	\$	—	\$	4,316	\$	18,951	\$	—	\$	18,951	
Operating profit	\$	539		(128) a	\$	411	\$	2,160		489 a	\$	2,649	
Operating margin		12.5 %				9.5 %		11.4 %				14.0 \$	
Earnings before income taxes	\$	504		(111) ^{a,b}	\$	393	\$	1,999		538 a,b	\$	2,537	
Income tax (expense) benefit	\$	(68)		(3) c	\$	(71)	\$	(521)		(47) c	\$	(568)	
Effective tax rate		13.5 %				18.1 %		26.1 %				22.4 9	
Earnings from continuing operations attributable to common shareowners	\$	417	\$	(114)	\$	303	\$	1,387	\$	491	\$	1,878	
Summary of Adjustments:													
Restructuring costs			\$	32 a					\$	75 a			
Amortization of acquired intangibles				35 a						143 a			
Acquisition step-up amortization (1)				10 a						41 a			
Acquisition/divestiture-related costs				65 a						123 a			
Viessmann-related hedges				(272) a						96 a			
TCC acquisition-related gain (2)				a						8 a			
Bridge loan financing costs (3)				19 a,b						52 a,b			
Total adjustments			\$	(111)					\$	538			
Tax effect on adjustments above			\$	(20)					\$	(83)			
Tax specific adjustments				17						36			
Total tax adjustments			\$	(3) ^c					\$	(47) ^c			
Diluted shares outstanding		854.2				854.2		853.0				853.0	

Continuing operations \$ 0.49 \$		0.36 \$	5	1.63	\$	2.20
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⁽¹⁾ Amortization of the step-up to fair value of acquired inventory and backlog.

(2) The carrying value of our previously held TCC equity investments were recognized at fair value and subsequently adjusted.

⁽³⁾ Includes commitment fees recognized in *Operating profit*.



Free Cash Flow Reconciliation

		(Unaudited)								
	Year Ended December 31,									
(In millions)		2024								
Net cash flows provided by operating activities	\$	563	\$	2,607						
Less: Capital expenditures - continuing operations		(519)		(439)						
Less: Capital expenditures - discontinued operations		(14)		(30)						
Free cash flow	\$	30	\$	2,138						



Net Debt Reconciliation

	(Unaudited)									
(InMs)		r 31,								
		2024		2023						
Long-term debt	\$	11,026	\$	14,242						
Current portion of long-term debt		1,252		51						
Less: Cash and cash equivalents		3,969		9,852						
Net debt	\$	8,309	\$	4,441						

