

STEPHENS CONFERENCE

NOVEMBER 14, 2023



OPTIMIZING PROFITABLE GROWTH



Alok Maskara
Chief Executive Officer



DRIVEN BY OUR CORE VALUES

INTEGRITY

Accountability

We deliver on our commitments.

Positive Engagement

We energize and motivate others.

Trust

We are honest, ethical and safe.

RESPECT

Customer Experience

We earn the loyalty of our customers.

Sustainability

We care for our community and planet.

Talent

We foster belonging
and create opportunities to grow.

EXCELLENCE

Innovation

We embrace original ideas and
creative solutions.

Quality

We strive for continuous improvements.

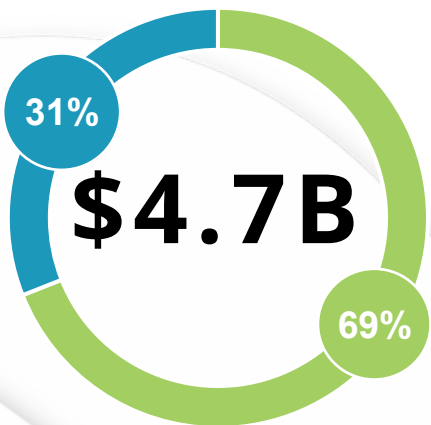
Results

We prioritize superior outcomes for
our stakeholders.

LENNOX AT A GLANCE (NYSE: LII)

Employees	Market Cap ¹	Core Revenue	Adj Segment Profit Margin	Operating Cash Flow	Debt to EBITDA	ROIC
13 K	\$13.6 B <small>+64% YoY</small>	\$4.7B <small>+7% YoY</small>	17.3 % <small>+256 bps YoY</small>	\$562 M <small>+94% YoY</small>	1.7 x <small>Down 0.6x YoY</small>	43 % <small>Down 4 pts YoY</small>

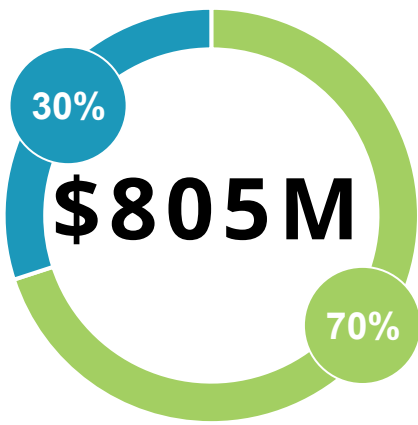
CORE REVENUE BY SEGMENT



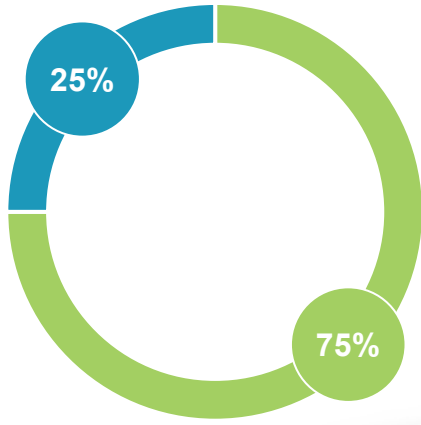
■ Residential

■ Commercial

ADJ PROFIT BY SEGMENT



CORE REVENUE BY APPLICATION



■ Replacement ■ New Construction

Note: All figures LTM as of September 30, 2023 unless otherwise noted; ¹As of Nov. 1, 2023, compared to Nov 1, 2022

Source: Management estimates from internal reporting

ACQUISITION TO EXPAND COMMERCIAL SERVICES



Revenue*

~ \$100M

Purchase Price

~ \$90M

Highlights

- ✓ EPS Accretive in 2024
- ✓ Attractive Synergies

Key Capabilities



Installation Services

Increases capacity for **National Account turn-key installations** and enhances **cross-selling**



Refrigerant Reclaim & Recycle Materials

Provides **new services** to facilitate product life cycle decommissioning



Replacement Accessories

Vertically integrated **curb manufacturing** enables share gain and margin improvements

Strong Strategic Fit Consistent with our Bolt-On Acquisition Strategy

LII: AN ATTRACTIVE INVESTMENT OPPORTUNITY




Growth End Market with Strong Replacement Demand



Resilient Margin business focused on sustainable HVACR




Execution Consistency and Disciplined Capital Deployment



Advanced Technology Solutions with Direct-to-Dealer Network



Talent & Culture driven by Core Values, Guiding Behaviors and Pay-for-performance



FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

The statements in this presentation that are not historical statements, including statements regarding the 2023 full-year outlook and expected consolidated and segment financial results, as well as financial targets for future years, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on information currently available as well as management's assumptions and beliefs today. These statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the statements, and investors should not place undue reliance on them. Risks and uncertainties that could cause actual results to differ materially from such statements include risks that the North American unitary HVAC and refrigeration markets perform worse than current assumptions. Additional risks include but are not limited to the impact of higher raw material prices, availability and timely delivery of raw materials and other components, competition in the HVACR business, ability to meet customer demand, the impact of new or increased trade tariffs, LII's ability to successfully execute its business strategy including implementing price increases for its products and services, economic conditions in our markets, regulatory changes, the impact of unfavorable weather, and a decline in new construction activity and related demand for products and services. For information concerning these and other risks and uncertainties, see LII's publicly available filings with the Securities and Exchange Commission. LII disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

A reconciliation of non-GAAP financial measures appearing in this presentation to financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) are included in the Appendix of this presentation.

This presentation includes forward-looking statements regarding core revenue, segment profit, adjusted segment profit, adjusted net income, adjusted earnings per share, free cash flow and Debt to EBITDA, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts excluded is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period and the high variability of certain amounts, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, changes in environmental liabilities, the impact and timing of potential acquisitions and divestitures, future restructuring costs, and other structural changes or their probable significance. Core revenue, adjusted segment profit, and adjusted earnings per share exclude net sales and profit/(loss) from our European portfolio, which we plan to divest. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict the necessary components of such GAAP measures without unreasonable effort or expense. The unavailable information could have a significant impact on LII's full year GAAP financial results.

CORE REVENUE AND ADJUSTED SEGMENT PROFIT

	LTM 3Q22	LTM 3Q23
Net sales, a GAAP measure	\$ 4,589.4	\$ 4,920.9
Net sales from non-core businesses (a)	228.6	255.2
Adjusted net sales, a non-GAAP measure	\$ 4,360.8	\$ 4,665.7
Segment profit, a non-GAAP measure	\$ 635.6	\$ 812.5
(Loss) gain from non-core businesses (a)	(5.4)	7.2
Adjusted segment profit, a non-GAAP measure	\$ 641.0	\$ 805.3

DEBT TO EBITDA RATIO

	LTM 3Q22	LTM 3Q23
Income from continuing operations before taxes, a GAAP Measure	\$ 683.5	\$ 586.5
Items in losses (gains) and other expenses, net before taxes	11.6	13.4
Special product quality adjustments, before tax	-	(1.4)
Restructuring charges, before tax	0.6	1.4
Interest expense, net	53.1	32.2
Pension settlements, before tax	0.2	0.4
Other expense (income), net before tax	-	3.1
Impairment on assets held for sale	63.2	-
Depreciation and amortization expense	81.7	72.7
Adjusted EBITDA, a non-GAAP measure	\$ 893.9	\$ 708.3
Total Debt as of September 30, 2023	\$ 1,483.2	\$ 1,604.5
Less Cash:	132.0	40.7
Less Short-term investments	9.6	7.5
Net Debt, a non-GAAP measure	\$1,341.6	\$1,556.3
Debt to Adjusted EBITDA ratio	1.7	2.3

RETURN ON INVESTED CAPITAL (ROIC)

	LTM 3Q23	LTM 3Q22
Operating income, a GAAP Measure	\$ 736.9	\$ 622.2
Restructuring Charges, before tax	0.6	1.4
Special product quality adjustments, before tax	-	(1.4)
Items in Losses (gains) and other expenses, net before taxes	11.6	13.4
Impairment on assets held for sale	63.2	-
Non-core business results, after tax	(6.9)	5.4
Adjusted Segment profit, a non-GAAP measure	\$ 805.4	\$ 641.0
Tax on adjusted Segment profit	174.9	105.6
Net operating profit after taxes, a non-GAAP measure	\$ 630.5	\$ 535.4

	4 Qtr Avg 2023	4 Qtr Avg 2022
Total assets, a GAAP measure	\$ 2,811.9	\$ 2,478.4
Less: Cash	69.1	40.9
Short-term investments	8.1	6.0
Accounts payable	422.1	443.9
Accrued expenses	388.2	369.6
Income taxes payable	16.7	12.9
Liabilities held for sale	17.4	-
Current operating lease liabilities	62.6	58.6
Long-term operating lease liabilities	160.8	148.9
Pensions	38.1	84.9
Other long-term liabilities	159.3	169.3
Invested capital, a non-GAAP measure	\$ 1,469.5	\$ 1,143.5

Net operating profit after taxes, a non-GAAP measure	\$ 630.5	\$ 535.4
Return on invested capital	43%	47%