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# FIRST QUARTER 2026

## EARNINGS RELEASE

APRIL 29, 2026



# FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

The statements in this presentation that are not historical statements, including statements regarding the 2026 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 competition in the HVACR business; our ability to successfully develop and market new products or execute our business strategy; our ability to meet and anticipate customer demands; our ability to continue to license or enforce our IP rights; our ability to attract, motivate, develop, and retain our employees, as well as labor relations problems; AI technologies; a decline in new construction activity and related demand for our products and services; the impact of weather on our business; the impact of higher raw material prices and significant supply interruptions; product liability, warranty claims, or recalls; changes in environmental and climate-related legislation or government regulations or policies; changes in tax legislation; the impact of new or increased trade tariffs; improper conduct by our employees, agents, or business partners; litigation risks; general economic conditions in the US and abroad; extraordinary events beyond our control; risks associated with our international operations; cyber attacks and other disruptions or misuse of information systems; and our ability to successfully realize, complete and integrate acquisitions, including the acquisition of Duro Dyne and Supco. 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 document to financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) are included in the Annex to this document.

This document includes forward-looking statements regarding segment profit, adjusted net income, adjusted earnings per share, free cash flow, ROS, 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. 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.

# Q1 2026 FINANCIAL HIGHLIGHTS

*Navigating industry headwinds and mitigating tariff impacts*



**Reaffirming  
EPS Guidance**

Full Year  
Earnings Per Share\*

**\$23.50 - \$25.00**

**REVENUE**

**\$1.1B**

+6% YoY

**TOTAL SEGMENT  
PROFIT\***

**\$164**

(3%) YoY

**TOTAL SEGMENT  
PROFIT MARGIN\***

**14.4%**

(130 bps) YoY

**ADJUSTED EPS\***

**\$3.35**

(8%) YoY

**OPERATING  
CASH FLOW**

**\$16M**

+\$52M YoY

**NET DEBT /  
ADJ. EBITDA\***

**1.3x**

+0.1x YoY

# ECONOMIC OUTLOOK

## Revenue Growth

- Channel **destocking complete** in early Q2
- Dealer and contractor confidence recovering
- Consumer remains cautious - stable sentiment
- New home construction remains weak
- Growth initiatives gaining momentum

## Cost Inflation

- Metal and commodities inflation higher
- Fuel and transportation cost increasing
- Tariff impact increasing

### Countermeasures Intensifying:



- Productivity & material cost actions
- Supply chain & manufacturing refinement
- Vendor cost sharing
- Pricing actions to offset costs

## HOME COMFORT SOLUTIONS



- Sales improved sequentially within Q1
- Restocking in two step channel
- Replace vs. repair stabilizing
- Successful launch of water heaters
- New heat pumps gaining traction
- On-track integration of Supco

## BUILDING CLIMATE SOLUTIONS



- Industry volume stabilizing
- Emergency replacement momentum
- National account wins
- Leveraging full lifecycle offerings
- On-track Integration of Duro Dyne

# RECENT PRODUCT INTRODUCTIONS

## Strategos Commercial Rooftop Heat Pump

- ✓ **Backwards electrical compatibility** for cost savings
- ✓ **Flexible heating options**; electric, gas, or dual-fuel
- ✓ **Ultra-high efficiency** with variable speed technology



## Residential Heat Pumps

- ✓ **Signature collection cold climate** (down to -20°F)
- ✓ **Elite series side discharge** space-savings design
- ✓ **Merit series** two stage heat pump
- ✓ **Lennox Powered by Samsung** ductless systems



## Residential Heat Pump Water Heaters (Ariston JV)

- ✓ **Ariston JV for water heating**
- ✓ **High-efficiency heat pump** water heaters
- ✓ **Supports future convergence** of HVAC and water heating
- ✓ **Lennox Home application** support



## Compact Residential Air Handlers

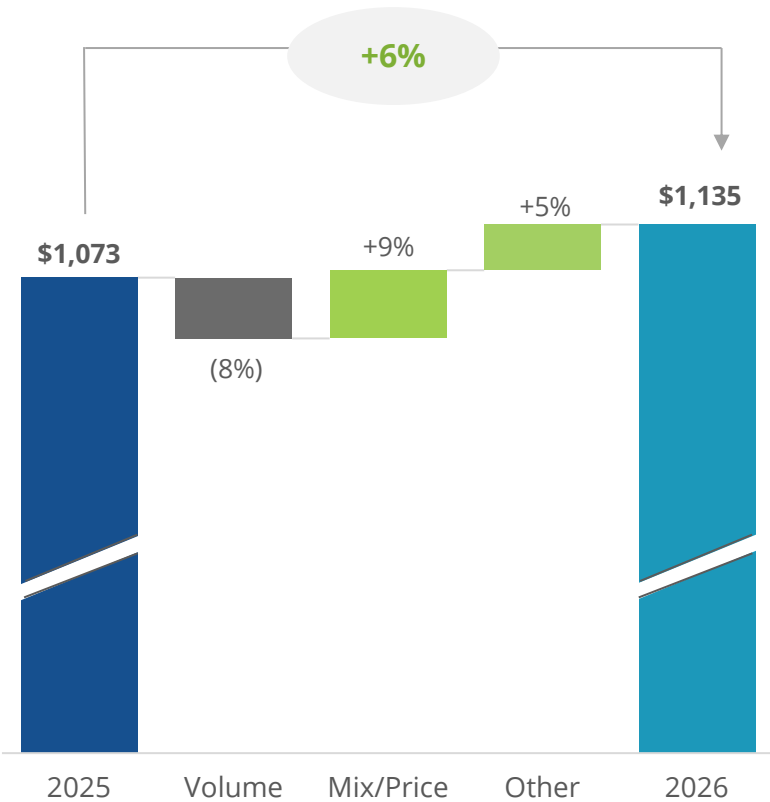
- ✓ **Space-efficient design** for tight and retrofit installs
- ✓ **Improves installation efficiency**
- ✓ **Optimized for high-SEER**
- ✓ **Integrated with Lennox controls**



# Q1 2026 LENNOX RESULTS

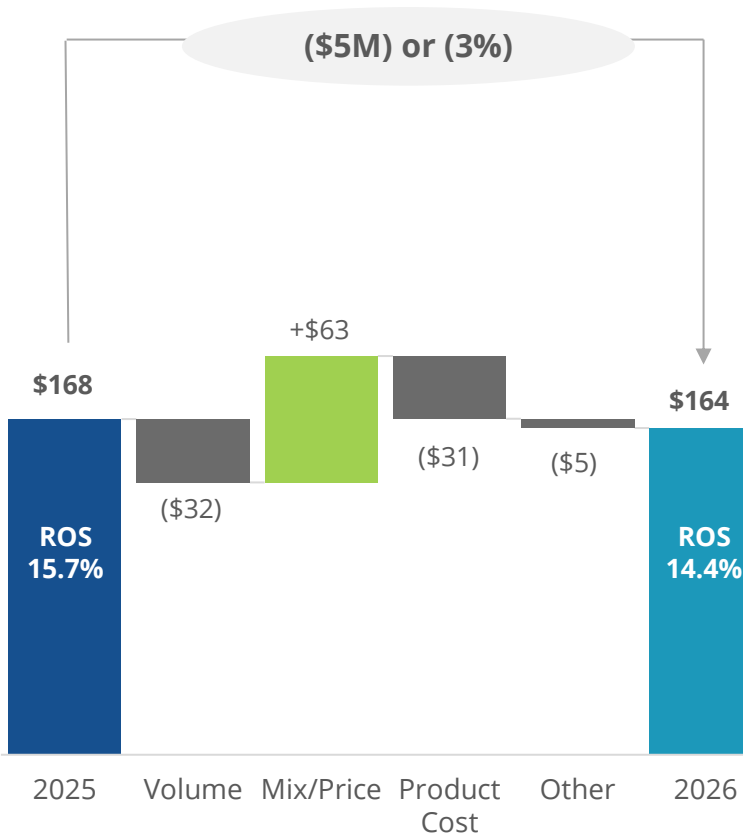
## REVENUE

(US\$ MILLIONS)



## TOTAL SEGMENT PROFIT\*

(US\$ MILLIONS)



Adjusted EPS\* **(8%) to \$3.35**

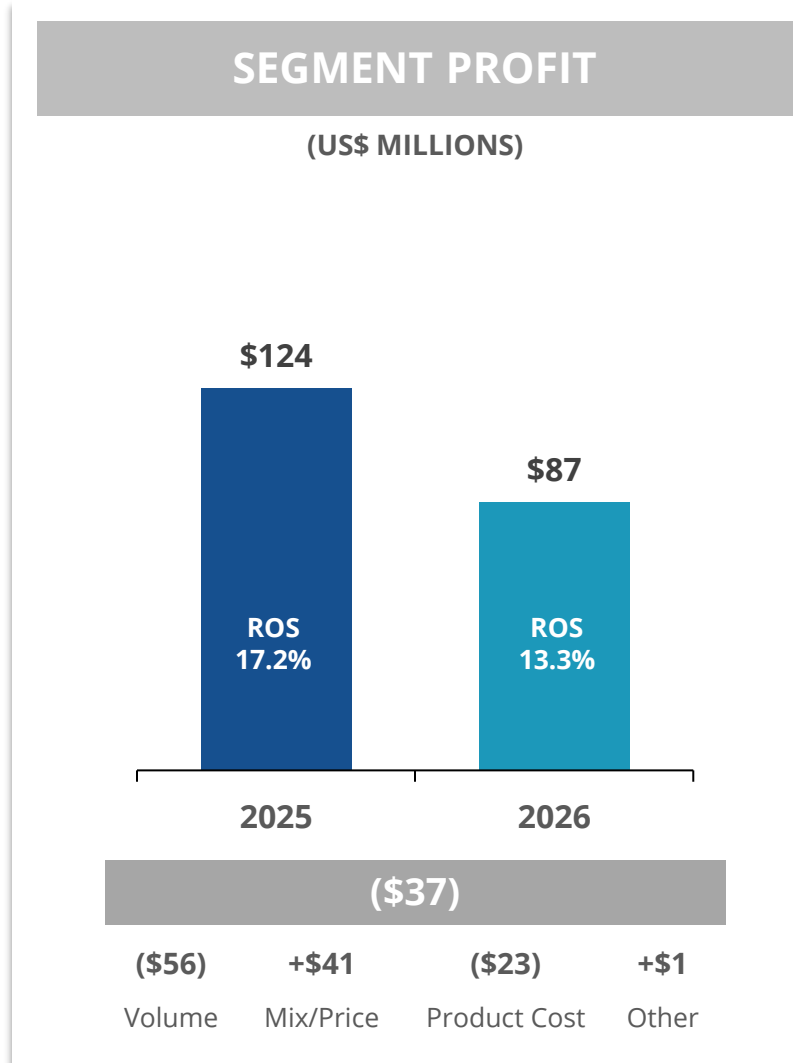
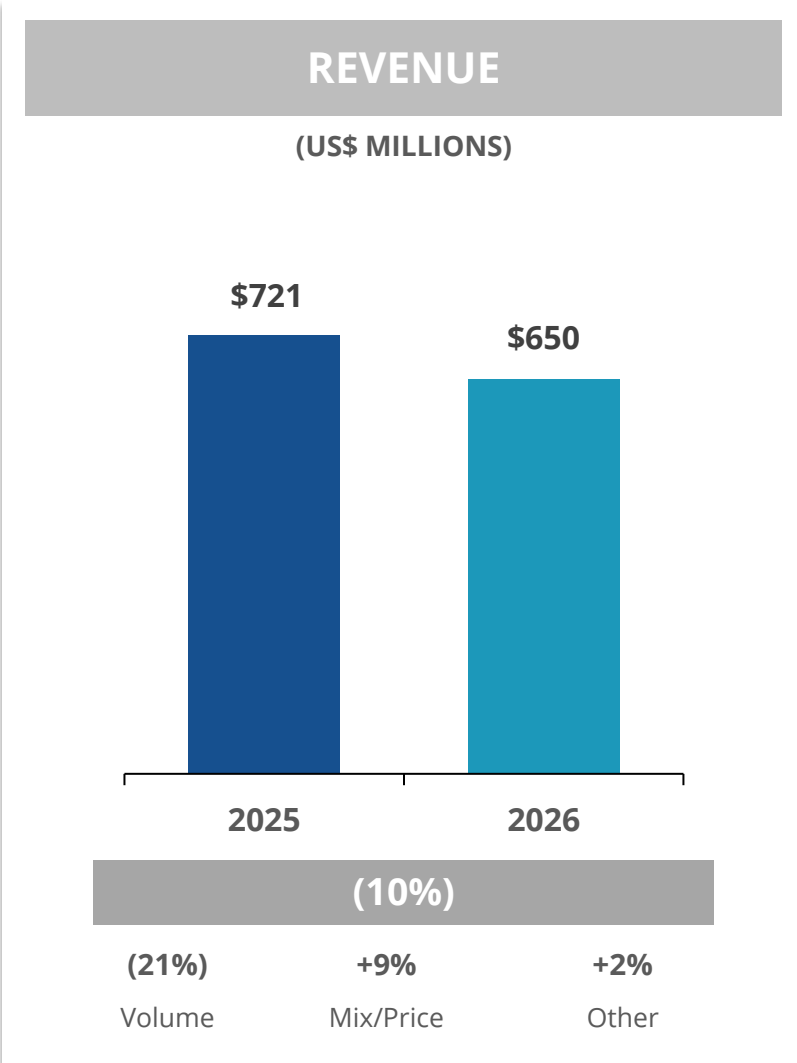
**Commercial and M&A led growth**

**Residential markets soft but improved versus Q4**

**Production absorption costs weighed on profitability**

\* See appendix for reconciliation to GAAP performance; total segment profit includes unallocated corporate expenses

# Q1 2026 HOME COMFORT SOLUTIONS



### Revenue:

One step: ~(10%)

Two Step: ~(15%)

M&A: ~+2%

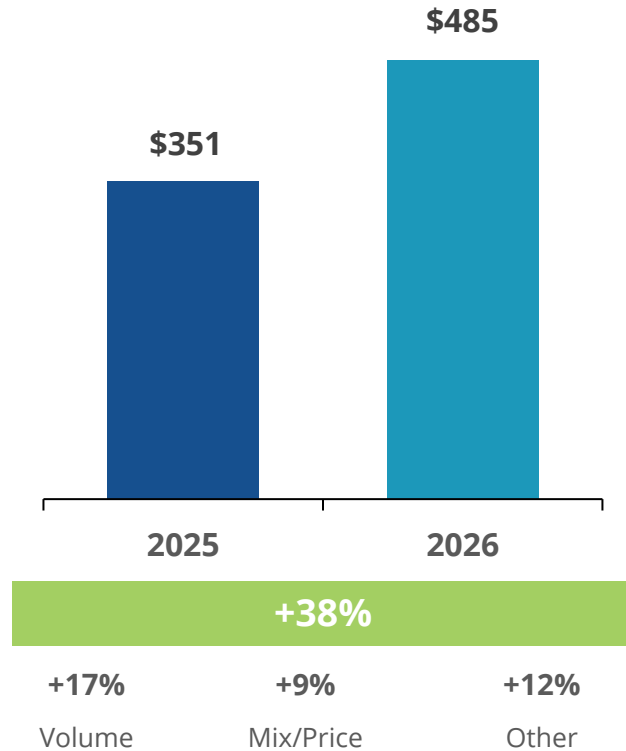
**Product Cost:** Materials inflation and factory absorption

**Other Cost:** ~\$2M M&A gain and SG&A inflation mostly offset by cost productivity

# Q1 2026 BUILDING CLIMATE SOLUTIONS

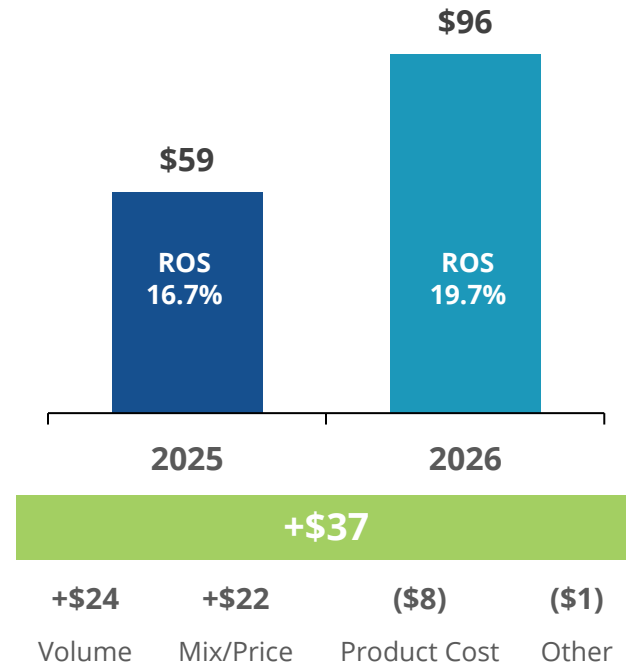
## REVENUE

(US\$ MILLIONS)



## SEGMENT PROFIT

(US\$ MILLIONS)



**Volume:** Strong Light Commercial National Accounts equipment and service

**Product Cost:** Materials inflation and production absorption, partially offset by factory productivity

**Other:** ~\$7M M&A gains offset by SG&A inflation and distribution investments

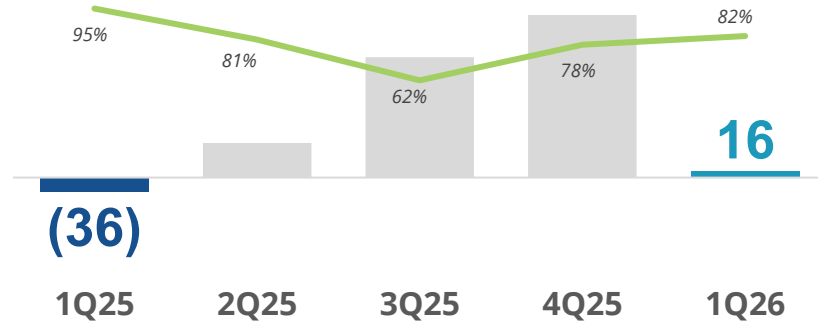
# CASH FLOW AND CAPITAL DEPLOYMENT



## CASH CONVERSION

OPERATING CASH FLOW  
(US\$ MILLIONS)

TTM FCF CONVERSION %\*



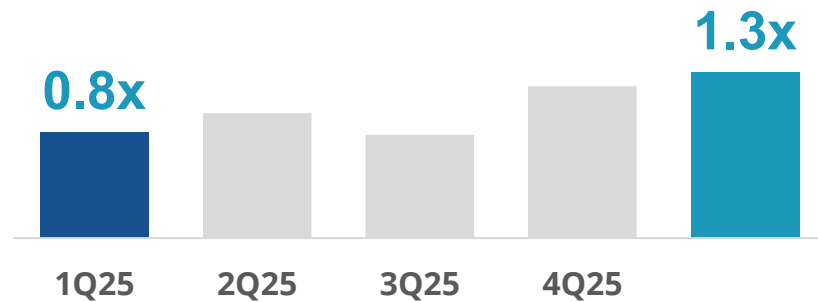
### Cash Conversion Temporarily Constrained

- Inventory well positioned for summer
- Good collections and payment leverage



## LEVERAGE

NET DEBT TO  
ADJUSTED  
EBITDA\*  
(TTM)



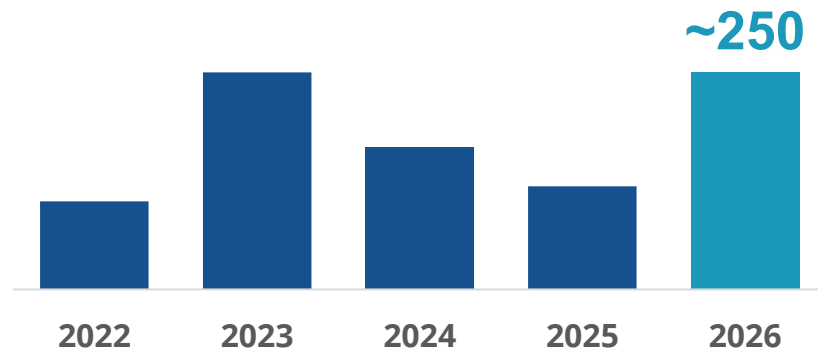
### Maintain a Strong Balance Sheet

- Share repurchases continued in Q1
- Ongoing “Bolt-on” M&A interest



## INVESTING FOR GROWTH

CAPEX  
(US\$ MILLIONS)



### Focus on Customer Experience and Cost efficiency

- Innovation and training centers
- Digital tech stack and data platforms
- Distribution network expansion & optimization
- ERP modernization and AI tools

# 2026 FINANCIAL GUIDANCE

## GROWTH

	Current		Prior	
	Revenue Δ YoY	Segment Profit Incremental*	Revenue Δ YoY	Segment Profit Incremental*
Volume	(LSD)	(~35%)	(LSD)	(~35%)
Price   Mix	+MSD	~90%	+MSD	~75%
M&A	+MSD	~30%	+MSD	~30%
<b>Total LII</b>	<b>~8%</b>		<b>6% - 7%</b>	
<i>HCS</i>	~4%		~2%	
<i>BCS</i>	~16%		~15%	

\*Before the impact of cost: inflation, investments, productivity, and M&A amortization

## OTHER GUIDANCE ITEMS

		Current	Prior
COST Δ YoY	Inflation**	~+5%	~+2.5%
	Investments	+\$35M	+\$35M
	M&A Amortization	+\$15M	+\$15M
	Productivity	(\$75M)	(\$75M)
Interest		\$65M	\$65M
Tax Rate		~20%	~20%
Share Count		~35M	~35M
<b>Adjusted EPS</b>		<b>\$23.50 - \$25.00</b>	<b>\$23.50 - \$25.00</b>
<b>Free Cash Flow</b>		<b>\$750M to \$850M</b>	<b>\$750M to \$850M</b>

\*\* Impact on Total Cost

# ATTRACTIVE INVESTMENT OPPORTUNITY





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**THANK YOU!**



# REVENUE AND SEGMENT PROFIT

	Q1 2026	Q1 2025	Change Year-over-Year				
			Volume	Mix/Price	Other	Total	
<b>Net Sales</b>							
Home Comfort Solutions	\$ 650	\$ 721	(21%)	9%	2%	(10%)	
Building Climate Solutions	485	351	17%	9%	12%	38%	
Net sales, a GAAP measure	<b>\$ 1,135</b>	<b>\$ 1,073</b>					
<b>Segment Profit <sup>(1)</sup></b>	<b>Q1 2026</b>	<b>Q1 2025</b>	<b>Volume</b>	<b>Mix/Price</b>	<b>Product Cost</b>	<b>Other</b>	<b>Total</b>
Home Comfort Solutions	\$ 87	\$ 124	\$ (56)	\$ 41	\$ (23)	\$ 1	\$ (37)
Building Climate Solutions	96	59	24	22	(8)	(1)	37
Total segment profit, a Non-GAAP measure	<b>\$ 182</b>	<b>\$ 183</b>	<b>\$ (32)</b>	<b>\$ 63</b>	<b>\$ (31)</b>	<b>\$ -</b>	<b>\$ -</b>
Corporate and other <sup>(3)</sup>	(19)	(15)	-	-	-	(4)	(4)
Total segment profit, including unallocated Corporate and other expenses, a Non-GAAP measure	<b>\$ 164</b>	<b>\$ 168</b>	<b>\$ (32)</b>	<b>\$ 63</b>	<b>\$ (31)</b>	<b>\$ (4)</b>	<b>\$ (4)</b>
Loss (gain) on sale from previous dispositions	-	-					
Acquisition costs <sup>(2)</sup>	-	-					
Restructuring charges	-	-					
Operating income	<b>\$ 164</b>	<b>\$ 168</b>					

(1) We define segment profit (loss) as a segment's operating income (loss) included in the accompanying Consolidated Statements of Operations, excluding:

- Restructuring charges,
- Gain (loss) on sale of previous dispositions, and;
- Acquisition costs

(2) Recorded in Losses and other expenses, net in the accompanying Consolidated Statement of Operations.

(3) Corporate and other expenses include unallocated corporate costs related to corporate administrative functions such as tax, treasury, accounting, internal audit, legal and human resources.



# FREE CASH FLOW & FCF CONVERSION

	For the Three Months Ended March 31, (Unaudited)		For the Twelve Months Ended (Unaudited)				
	2026	2025	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026
<b>Net Cash provided by (used in) operating activities, a GAAP measure</b>	\$ 16.1	\$ (35.8)	\$ 932.7	\$ 835.5	\$ 684.1	\$ 757.6	\$ 809.5
Purchases of property, plant and equipment	(55.5)	(25.5)	(159.6)	(155.4)	(149.8)	(118.8)	(148.8)
Proceeds from the disposal of property, plant and equipment	0.7	0.5	2.5	2.3	1.7	1.4	1.6
<b>Free cash flow, a Non-GAAP measure</b>	<b>\$ (38.7)</b>	<b>\$ (60.8)</b>	<b>\$ 775.6</b>	<b>\$ 682.4</b>	<b>\$ 536.0</b>	<b>\$ 640.2</b>	<b>\$ 662.3</b>

All figures are After Tax Amounts

	For the Twelve Months Ended (Unaudited)				
	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026
<b>Net income, a GAAP measure</b>	\$ 816.4	\$ 844.3	\$ 865.1	\$ 805.8	\$ 793.3
Restructuring charges	-	-	-	5.1	5.1
Acquisition costs (a)	-	-	-	8.9	8.9
Loss (gain) on sale from previous dispositions	1.5	3.1	3.1	(0.7)	(0.7)
<b>Adjusted net income, a non-GAAP measure</b>	<b>\$ 817.9</b>	<b>\$ 847.4</b>	<b>\$ 868.2</b>	<b>\$ 819.1</b>	<b>\$ 806.6</b>
<b>FCF Conversion</b>	<b>95%</b>	<b>81%</b>	<b>62%</b>	<b>78%</b>	<b>82%</b>

(a) Recorded in Losses and other expenses, net in the Consolidated Statements of Operations