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INTEGRITY | RESPECT | EXCELLENCE

FOURTH QUARTER 2024

EARNINGS RELEASE

JANUARY 29, 2025



FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

The statements in this presentation that are not historical statements, including statements regarding the 2024 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 intellectual property rights; our ability to attract, motivate, develop, and retain our employees, as well as labor relations problems; 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; changes in environmental and climate-related legislation or government regulations or policies; changes in tax legislation; the impact of new or increased trade tariffs; warranty, intellectual property infringement, product liability and other claims; litigation risks; general economic conditions in the United States and abroad; extraordinary events beyond our control; foreign currency fluctuations and changes in local government regulation associated with our international operations; cyber attacks and other disruptions or misuse of information systems; our ability to successfully realize, complete and integrate acquisitions; and impairment of the value of our goodwill. 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 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 was sold in 4Q 2023. 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.

2024 FINANCIAL HIGHLIGHTS

RECORD MARGINS: MANAGEMENT EXECUTION CONTINUES



2024 Adjusted
Earnings Per Share*

Q4

\$5.60

+54% YoY

Full Year

\$22.58

+26% YoY

Q4

CORE
REVENUE*

\$1.3B

+22% YoY

ADJ. SEGMENT
PROFIT MARGIN*

18.4%

+250 bps YoY

OPERATING
CASH FLOW

\$332M

+\$26M YoY

Full Year

CORE
REVENUE*

\$5.3B

+13% YoY

ADJ. SEGMENT
PROFIT MARGIN*

19.4%

+150 bps YoY

OPERATING
CASH FLOW

\$946M

+\$210M YoY

DRIVERS OF 2024 BUSINESS SUCCESS



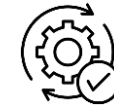
DIFFERENTIATED GROWTH

- Share gain through successful navigation of R-410A availability
- Sales investments to elevate customer experience
- Distribution investments to improve availability/fill rate



RESILIENT PROFIT MARGINS

- Continued execution of pricing excellence programs
- New commercial factory output and productivity
- Ahead of schedule AES integration and synergies



EXECUTION MANAGEMENT

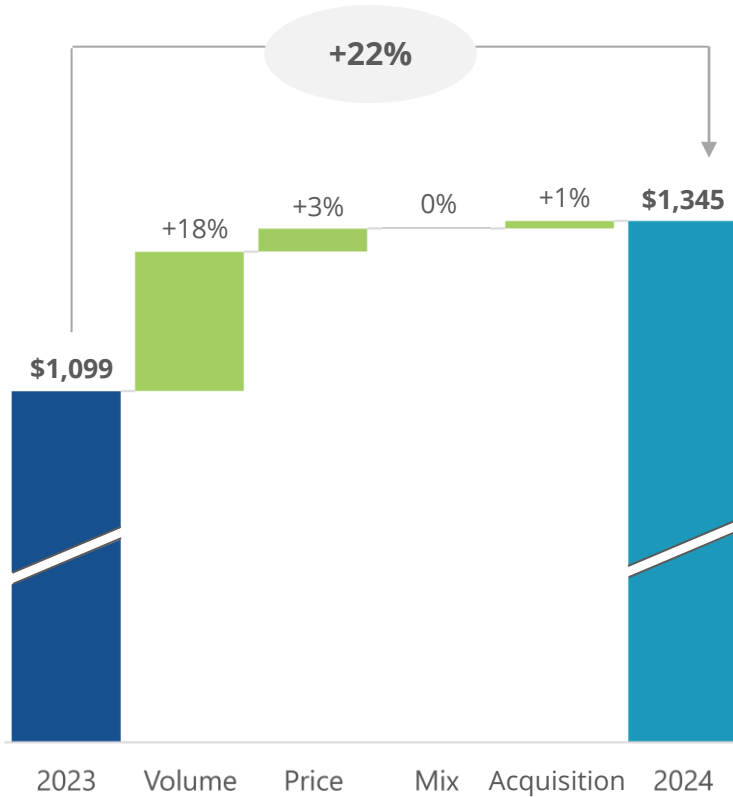
- Accountability with Lennox Unified Management System
- Working capital management
- Strategic review of M&A pipeline

ADVANCED HVAC TECHNOLOGY COMPANY WITH HIGH PERFORMANCE CULTURE

Q4 2024 LENNOX RESULTS

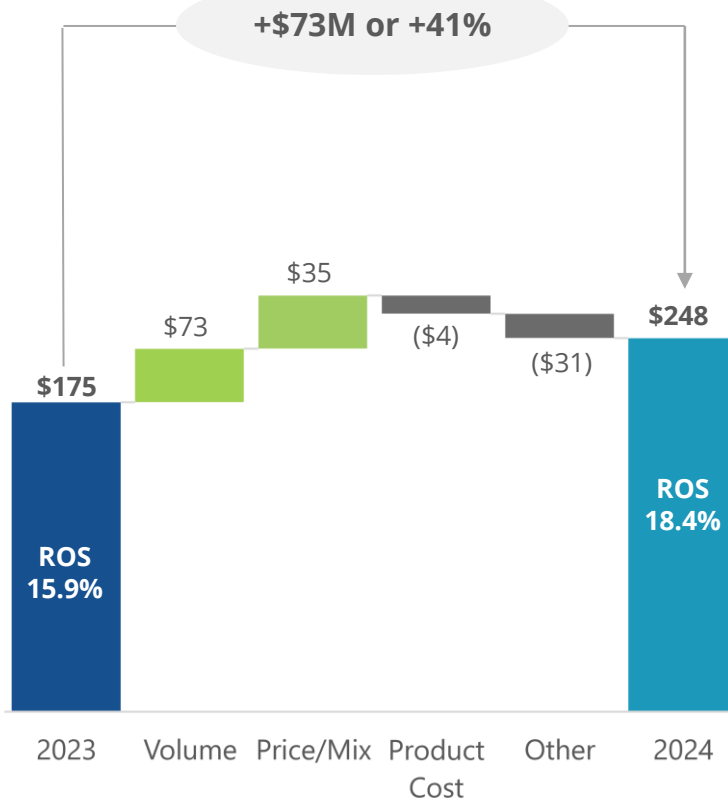
CORE REVENUE*

(US\$ MILLIONS)



ADJUSTED SEGMENT PROFIT*

(US\$ MILLIONS)



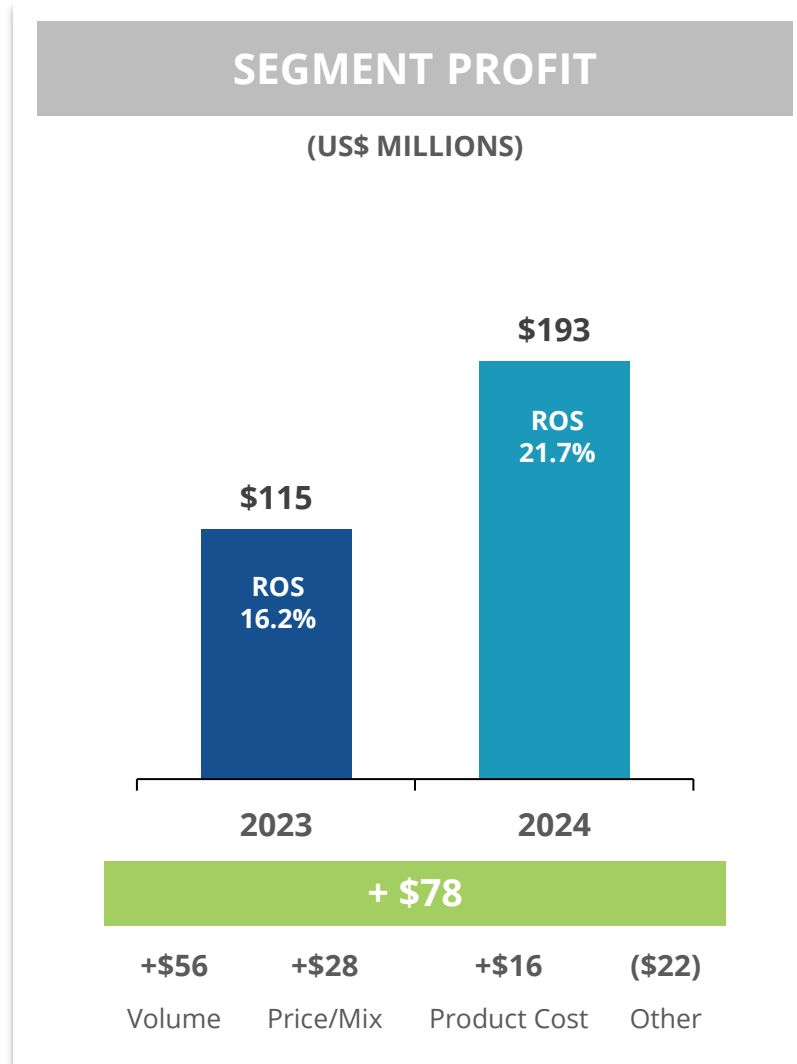
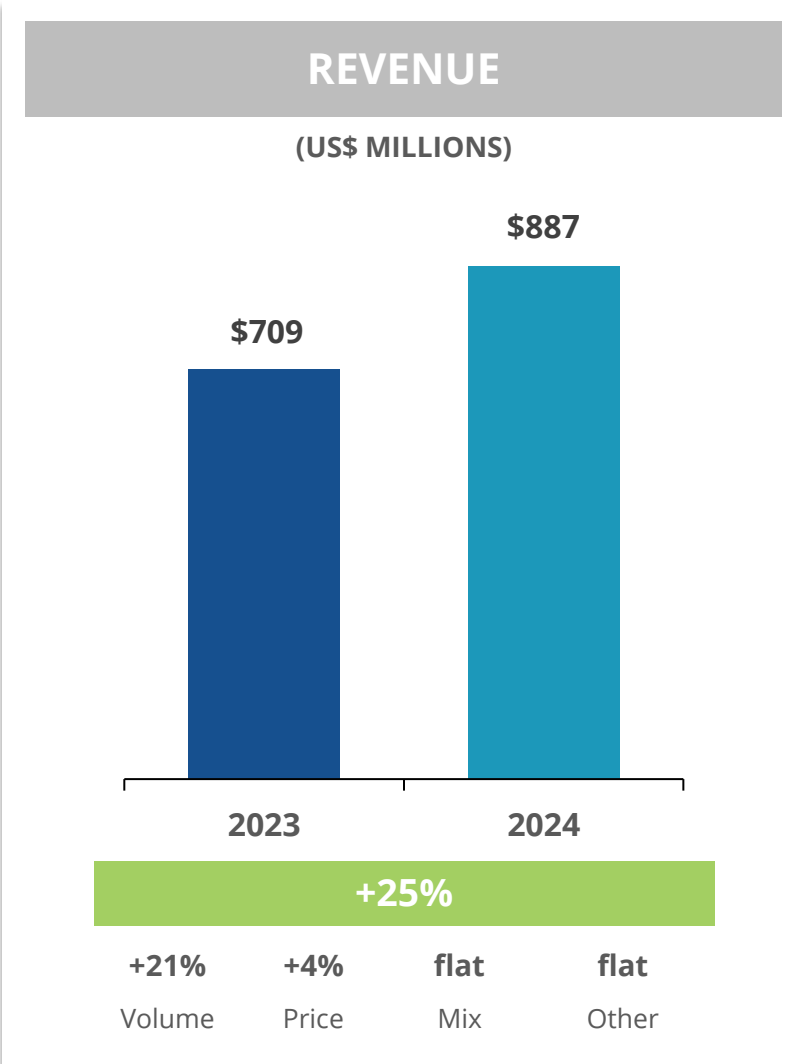
Adjusted EPS* **+54% to \$5.60**

Consistently delivered double-digit adjusted EPS* growth

Eight Consecutive Quarters

* See appendix for reconciliation to GAAP performance

Q4 2024 HOME COMFORT SOLUTIONS



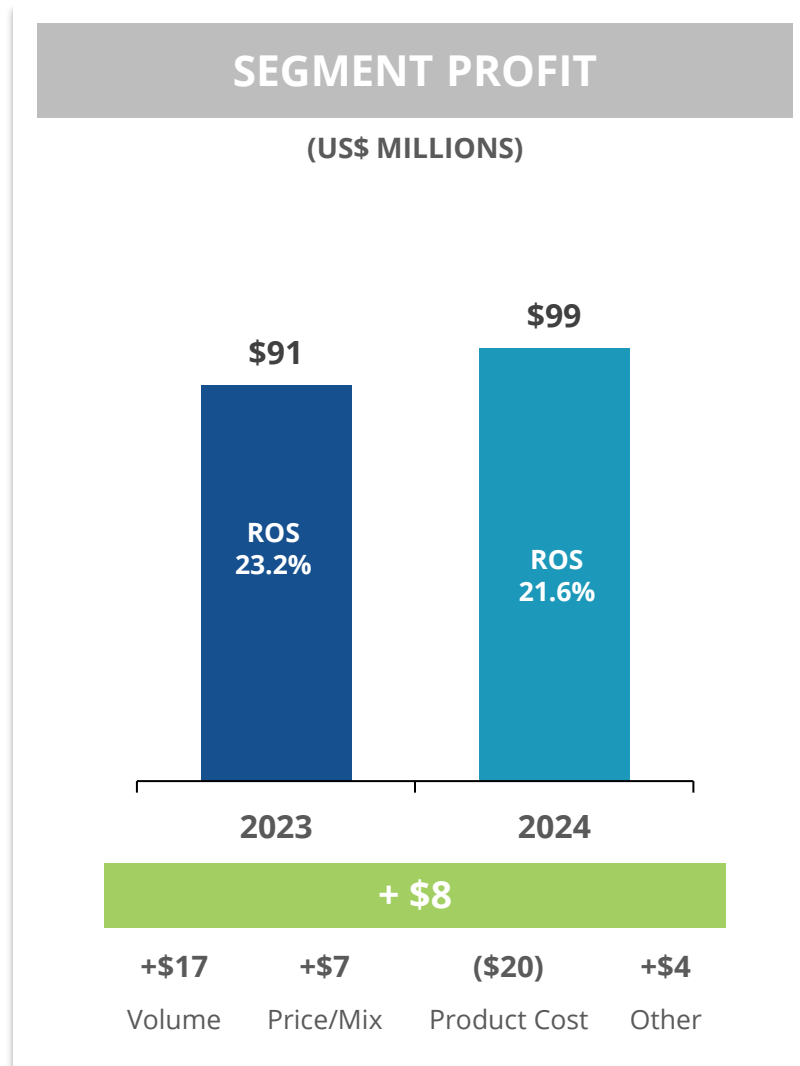
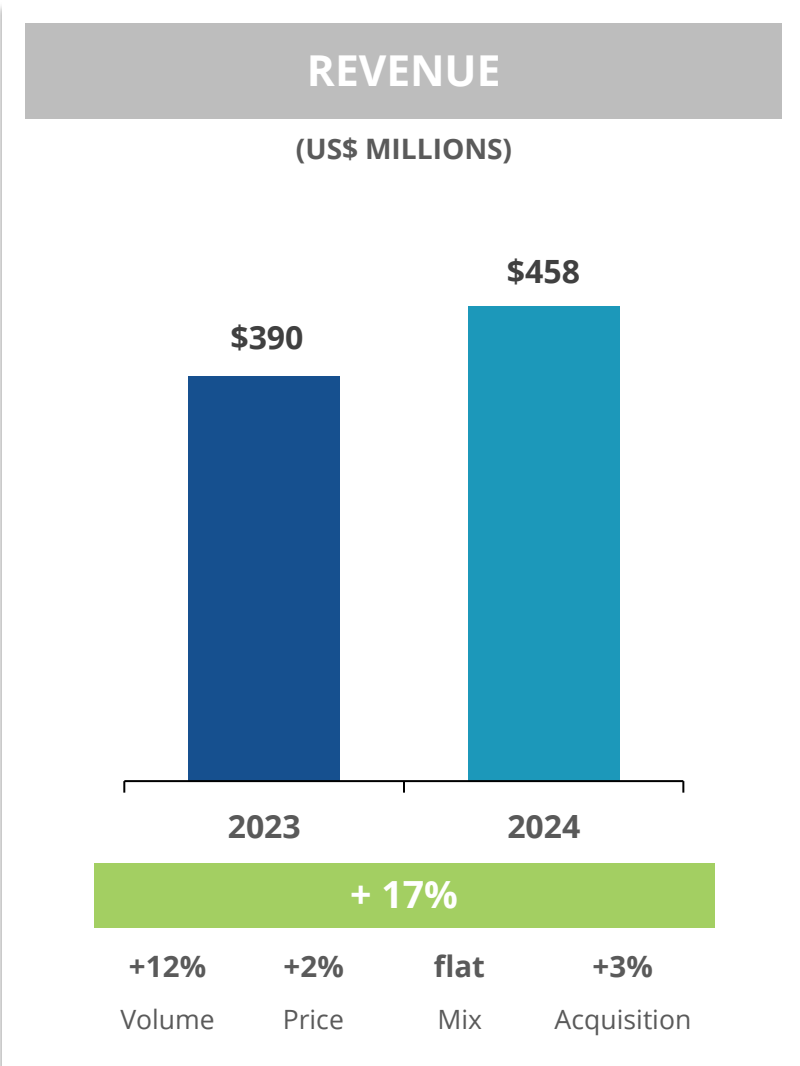
Volume: Industry pre-buy given low-GWP regulatory transition

Price: Consistent execution of pricing initiatives

Product Cost: Factory productivity/absorption

Other Cost: Wages, incentive comp, and investments in distribution and selling

Q4 2024 BUILDING CLIMATE SOLUTIONS



Volume: Solid growth across all three business units

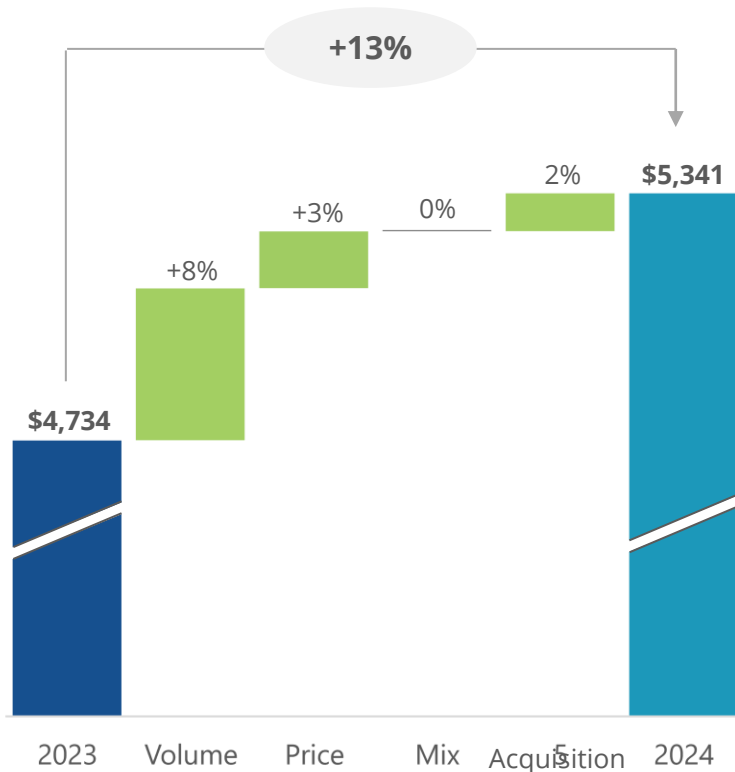
Product Cost: New factory ramp-up costs & inefficiencies

Other: Distribution productivity and profit gain from the AES acquisition

FULL YEAR 2024 LENNOX RESULTS

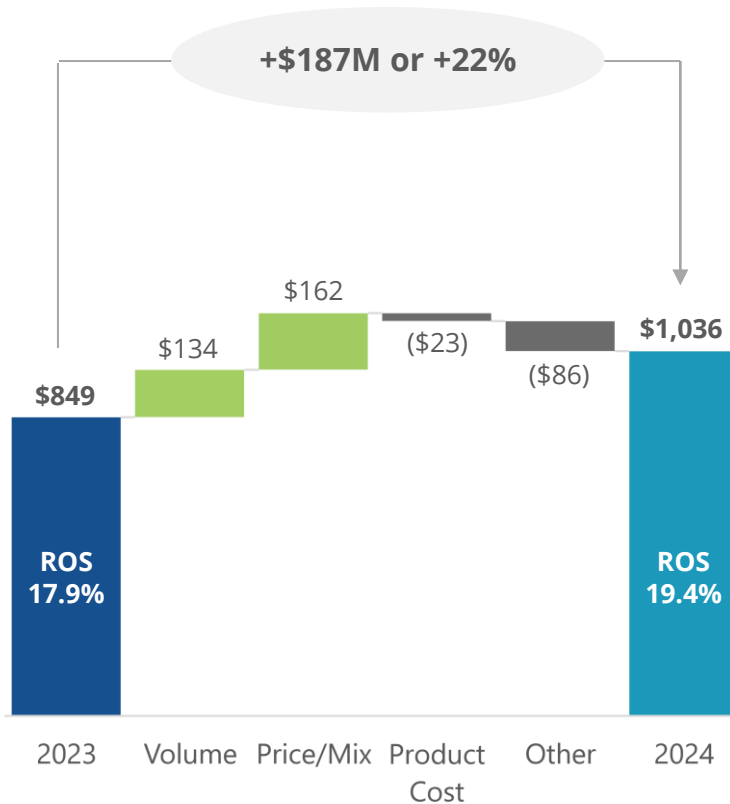
CORE REVENUE*

(US\$ MILLIONS)



ADJUSTED SEGMENT PROFIT*

(US\$ MILLIONS)



Adjusted EPS* **+26% to \$22.58**

Delivering results while investing for the future

Exceeded \$1B in Adj Segment Profit*

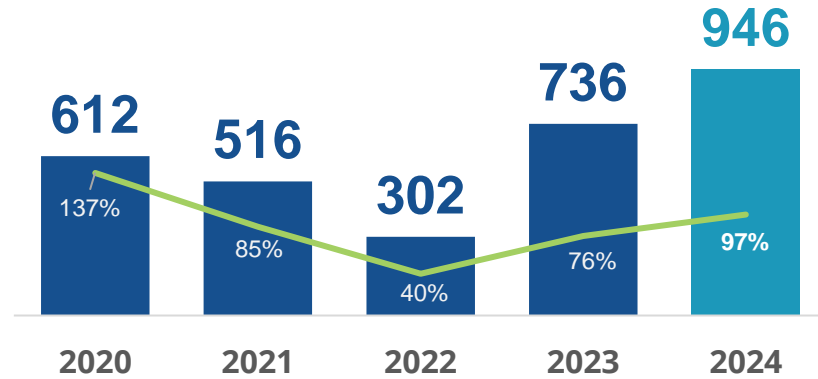
* See appendix for reconciliation to GAAP performance

CASH FLOW AND CAPITAL DEPLOYMENT



CASH CONVERSION

OPERATING CASH FLOW
TTM FCF CONVERSION*
(US\$ MILLIONS)



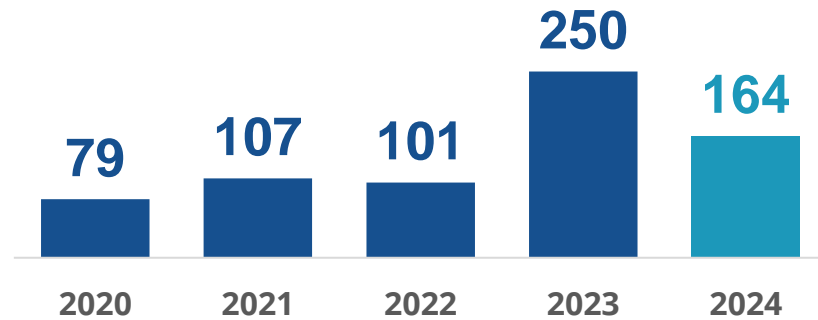
Cash conversion continues to improve

- R-410A Inventory destocking
- Accounts Payable terms
- Accounts Receivable collections



INVESTING FOR GROWTH

CAPITAL EXPENDITURES
(US\$ MILLIONS)



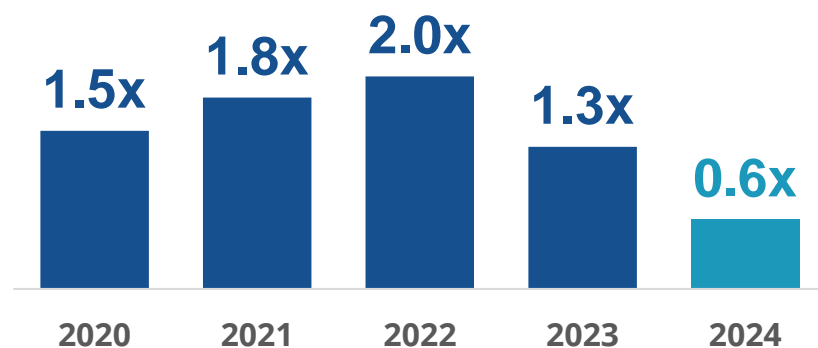
Growth through ROI-focused investments

- Enhanced front-end systems - customer experience
- Distribution Network – expansion & efficiency
- 2025 Capital Expenditures ~ \$150M



LEVERAGE

NET DEBT TO
ADJUSTED
EBITDA*



Maintain a Strong Balance Sheet

- Pursue inorganic growth opportunities
- Share repurchases – efficiently return capital
- Align dividend growth with earnings

* See appendix for reconciliation to GAAP performance. Net debt is net of cash balances

2025 FINANCIAL GUIDANCE

CORE REVENUE

	Prebuy	Volume	Price	Mix	Total
Home Comfort Solutions	- (MSD)	Flat	+ LSD	+ MSD	~ Flat
Building Climate Solutions	- (LSD)	+ MSD	+ LSD	+ LSD	+ ~6%
Total LII Revenue Growth	(5%)	+ 2%	+ 1%	+ 4%	+ ~2%
<i>Segment Profit Incremental*</i>	~ (30%)	~ 30%	~ 100%	~ 40%	

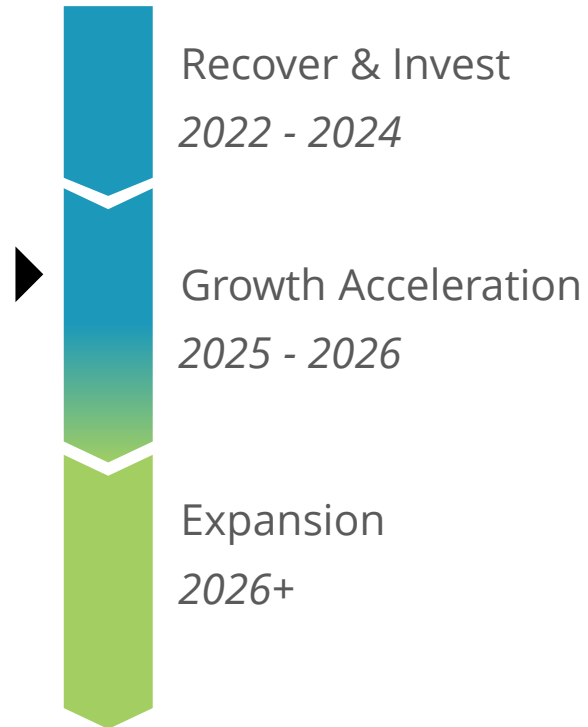
*Before the impact of cost: inflation, investments and productivity

OTHER GUIDANCE ITEMS

	Inflation	~3%
COST Δ YoY	Investments	~\$25M
	Productivity	~(\$50M)
	Interest	~\$35M
	Tax Rate	~20%
	Share Count	~36M
	Adjusted EPS	\$22.00 - \$23.50
	Free Cash Flow	\$650M - \$800M

2025: SELF HELP TRANSFORMATION PRIORITIES

SELF-HELP TRANSFORMATION PLAN



GROWTH ACCELERATION

- Improved digital customer experience
- Enhanced heat pumps through Samsung JV
- Attachment rate for parts and accessories
- Emergency replacement BCS growth with new factory capacity



RESILIENT PROFIT MARGINS

- Net positive low GWP transition
- Productivity from BCS volume improvement
- Material cost reduction



EXECUTION MANAGEMENT

- Lennox Unified Management System as foundation
- Clear M&A strategies with robust pipeline
- Distribution network improvements to improve NPS

ATTRACTIVE INVESTMENT OPPORTUNITY





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THANK YOU!



2026 LONG TERM TARGETS

ORIGINALLY PROVIDED JAN 2024

\$5.4B - \$6.0B
Revenue

19% - 21%
ROS*
Home Comfort 20% - 22% | Building Climate 22% - 24%

~90% of Net Income
Free Cash Flow

ADJUSTED EPS

	For the Three Months Ended December 31, (Unaudited)				For the Years Ended December 31, (Unaudited)			
	2024		2023		2024		2023	
	After Tax Amount	Per Diluted Share	After Tax Amount	Per Diluted Share	After Tax Amount	Per Diluted Share	After Tax Amount	Per Diluted Share
Net income, a GAAP measure	\$ 197.7	\$ 5.52	\$ 144.5	\$ 4.04	\$ 806.9	\$ 22.54	\$ 590.1	\$ 16.54
Restructuring charges	-	-	\$ 2.2	0.06	-	-	\$ 2.4	0.07
Pension settlements	-	-	-	-	-	-	\$ 0.3	0.01
Items in Losses and other expenses, net which are excluded from segment profit (loss) (a)	-	-	\$ 1.5	0.05	-	-	\$ 11.1	0.31
Excess tax expense from share-based compensation (b)	-	-	\$ (2.8)	(0.08)	-	-	\$ (5.2)	(0.15)
Impairment on assets held for sale (c)	-	-	-	-	-	-	\$ 62.0	1.74
Loss (gain) on sale from previous dispositions	3.1	\$ 0.08	\$ (11.1)	(0.31)	1.5	\$ 0.04	\$ (11.1)	(0.31)
Other tax items, net (b)	-	-	\$ (4.1)	(0.11)	-	-	\$ (3.7)	(0.10)
Non-core business results (d)	-	-	\$ (0.6)	(0.02)	-	-	\$ (5.4)	(0.15)
Adjusted net income, a non-GAAP measure	\$ 200.8	\$ 5.60	\$ 129.6	\$ 3.63	\$ 808.4	\$ 22.58	\$ 640.5	\$ 17.96

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

(b) Recorded in Provision for income taxes in the Consolidated Statements of Operations

(c) Impairment on assets held for sale related to the divestiture of our European operations that were divested in the fourth quarter of 2023.

(d) Non-core business results represent activity related to our business operations in Europe not included elsewhere in the reconciliations. European operations were divested in the fourth quarter of 2023.

NET DEBT TO ADJUSTED EBITDA

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	LTM 2024	Q1 2023	Q2 2023	Q3 2023	Q4 2023	LTM 2023	LTM 2022	LTM 2021	LTM 2020
Income before taxes, a GAAP Measure	\$ 154.2	\$ 307.0	\$ 293.9	\$ 238.7	\$ 993.8	\$ 125.1	\$ 263.7	\$ 175.2	\$ 173.5	\$ 737.5	\$ 615.8	\$ 560.1	\$ 445.2
Items in losses (gains) and other expenses, net before taxes	-	-	-	-	-	2.2	4.3	5.6	2.7	14.8	8.1	14.3	13.3
Special product quality adjustments, before tax	-	-	-	-	-	-	-	-	-	-	-	(2.5)	1.0
Restructuring charges, before tax	-	-	-	-	-	-	-	0.3	2.8	3.1	1.5	1.8	10.8
Interest expense, net	11.8	12.5	8.9	5.5	38.7	14.2	15.0	11.2	11.3	51.7	38.7	25.0	28.3
Pension settlements, before tax	-	0.3	0.1	-	0.4	0.2	0.1	0.3	0.2	0.8	(0.2)	1.2	0.6
Other expense (income), net before tax	0.8	0.3	0.4	0.4	1.9	-	-	-	0.1	0.1	1.9	4.0	4.4
Insurance recoveries received for property damage incurred from natural disaster, before tax	-	-	-	-	-	-	-	-	-	-	-	-	3.1
Non-core business results, before tax	-	-	-	-	-	-	-	-	-	-	3.2	4.7	4.6
Impairment on assets held for sale	-	-	-	-	-	-	-	63.2	-	63.2	-	-	-
Gain on sale from previous dispositions	-	(1.6)	-	3.1	1.5	-	-	-	(14.1)	(14.1)	-	-	-
Depreciation and amortization expense	24.0	25.2	20.4	25.5	95.1	19.6	20.9	21.5	24.0	86.0	77.9	72.4	72.6
Adjusted EBITDA, a non-GAAP measure	\$ 190.8	\$ 343.7	\$ 323.7	\$ 273.2	\$ 1,131.4	\$ 161.3	\$ 304.0	\$ 277.3	\$ 200.5	\$ 943.1	\$ 746.9	\$ 681.0	\$ 583.9
Total Debt as of December 31, 2024					\$ 1,147.6					\$ 1,305.2	\$ 1,524.8	\$ 1,237.8	\$ 980.6
Less Cash					415.1					60.7	52.6	31.0	123.9
Less Short-term investments					7.2					8.4	8.5	5.5	5.1
Net Debt, a non-GAAP measure					\$ 725.3					\$ 1,236.1	\$ 1,463.7	\$ 1,201.3	\$ 851.6
Debt to Adjusted EBITDA ratio					0.6					1.3	2.0	1.8	1.5

FREE CASH FLOW & FCF CONVERSION

	For the Three Months Ended December 31, (Unaudited)		For the Years Ended December 31, (Unaudited)				
	2024	2023	2024	2023	2022	2021	2020
Net Cash provided by operating activities, a GAAP measure	\$ 332.4	\$ 306.3	\$ 945.7	\$ 736.2	\$ 302.3	\$ 515.5	\$ 612.4
Purchases of property, plant and equipment	(60.2)	(125.2)	(163.6)	(250.2)	(101.1)	(106.8)	(78.5)
Proceeds from the disposal of property, plant and equipment	0.6	0.5	2.5	2.1	1.6	0.9	1.0
Free cash flow, a Non-GAAP measure	\$ 272.8	\$ 181.6	\$ 784.6	\$ 488.1	\$ 202.8	\$ 409.6	\$ 534.9
			After Tax Amount	After Tax Amount	After Tax Amount	After Tax Amount	After Tax Amount
Net income, a GAAP measure			\$ 806.9	\$ 590.1	\$ 497.1	\$ 464.0	\$ 357.1
Restructuring charges			-	2.4	1.2	1.4	8.4
Pension settlements			-	0.3	(0.1)	0.9	0.4
Items in Losses (gains) and other expenses, net which are excluded from segment profit (loss) (a)			-	11.1	6.5	10.5	9.8
Excess tax expense from share-based compensation (b)			-	(5.2)	(0.5)	(5.7)	(4.2)
Special product quality adjustments, after tax			-	-	-	(1.8)	0.8
(Gain) loss from natural disaster, net of insurance recoveries, after tax			-	-	-	-	2.3
Other tax items, net			-	-	-	2.1	8.5
Impairment on assets held for sale (c)			-	62.0	-	-	-
Loss (gain) on sale from previous dispositions			1.5	(11.1)	-	-	-
Other tax items, net (b)			-	(3.7)	(0.5)	-	-
Non-core business results (d)			-	(5.4)	4.3	8.4	7.3
Adjusted net income, a non-GAAP measure			\$ 808.4	\$ 640.5	\$ 508.0	\$ 479.8	\$ 390.4
FCF Conversion			97%	76%	40%	85%	137%

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