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FIRST QUARTER 2025

EARNINGS RELEASE

APRIL 23, 2025



FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

The statements in this presentation that are not historical statements, including statements regarding the 2025 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. 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 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 2025 FINANCIAL HIGHLIGHTS

Navigating regulatory transition and mitigating tariff impacts



Narrowing Guidance

Full Year
Adjusted
Earnings Per Share*

\$22.25 - \$23.50

REVENUE

\$1.1B

+2% YoY

**SEGMENT
PROFIT***

\$156

(7%) YoY

**SEGMENT
PROFIT MARGIN***

14.5%

(140 bps) YoY

ADJUSTED EPS*

\$3.37

(3%) YoY

**OPERATING
CASH FLOW**

(\$36M)

(\$13M) YoY

**Net Debt/
Adj. EBITDA***

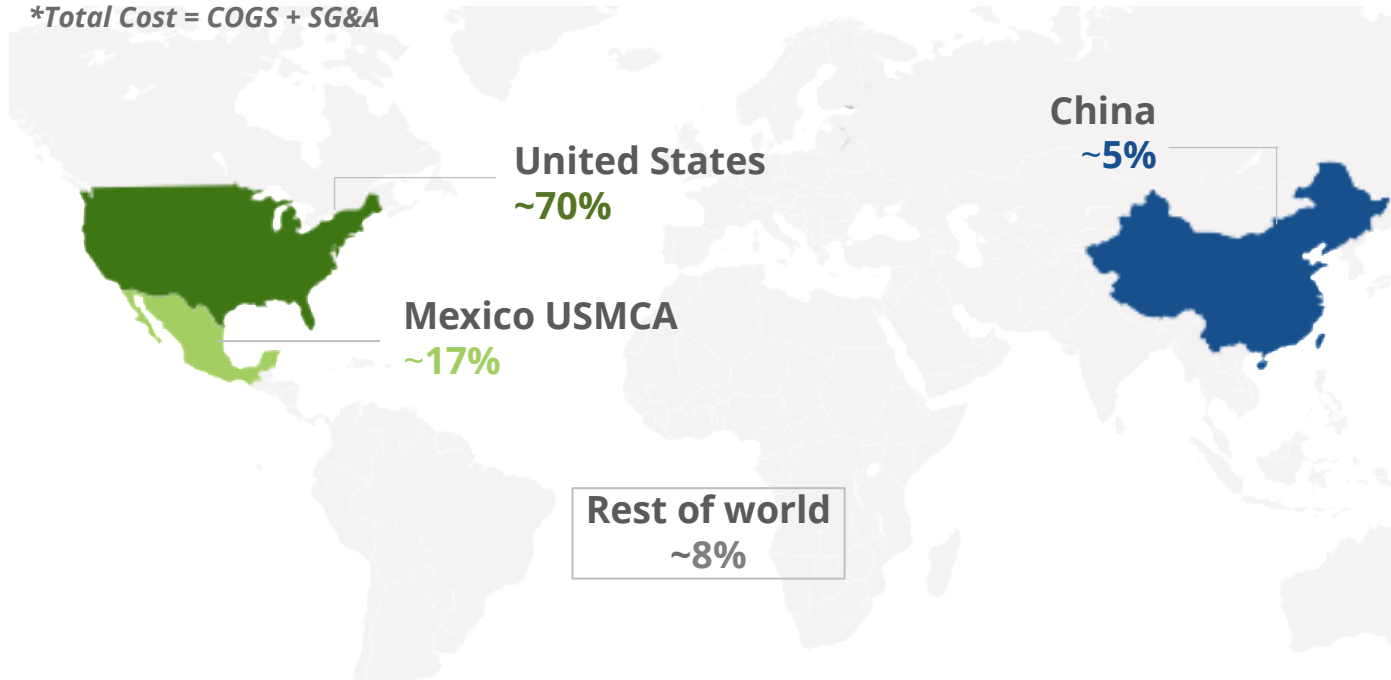
0.8x

(0.6x) YoY

ECONOMIC OUTLOOK

Geographic Cost* Profile

*Total Cost = COGS + SG&A



Tariff Mitigation Plans

- Optimize vendor dual sourcing
- Mexico transfer pricing
- Tariff sharing with vendors
- Single sourced suppliers to US
- Select production move to the US
- Increase US production capacity

-- Pricing and Surcharges to mitigate impact of tariffs --

HOME COMFORT SOLUTIONS



- Higher costs & inflation driven by tariffs
- New home construction impacted by higher mortgage rates
- Uncertain consumer confidence
- Potential repair vs replace shift
- Industry technician shortage

BUILDING CLIMATE SOLUTIONS

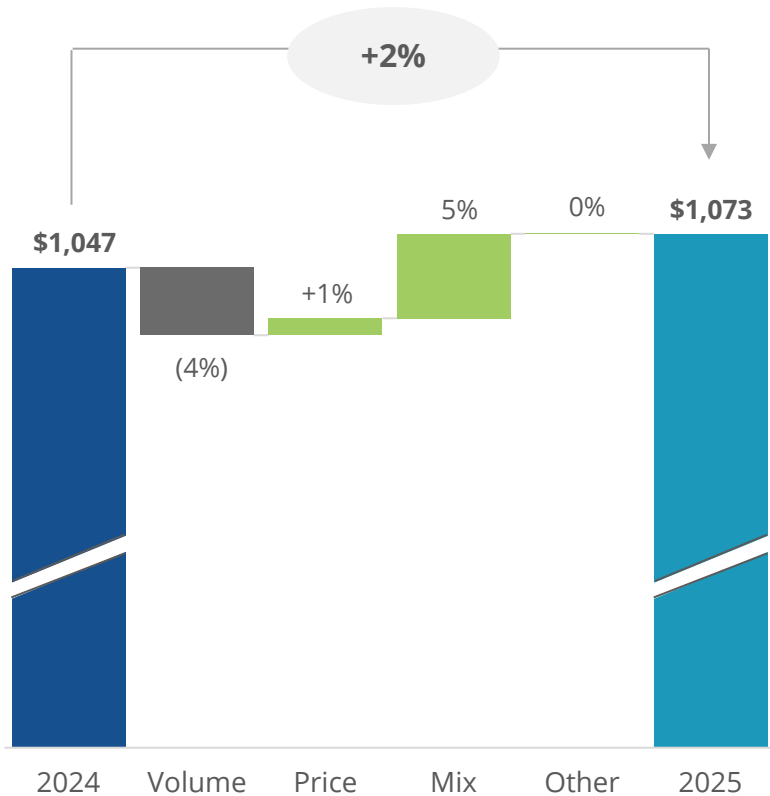


- Order rates improved throughout Q1
- Deploying inventory for Emergency Replacement demand
- Leveraging full lifecycle service offerings
- Slowing new construction, project delays

Q1 2025 LENNOX RESULTS

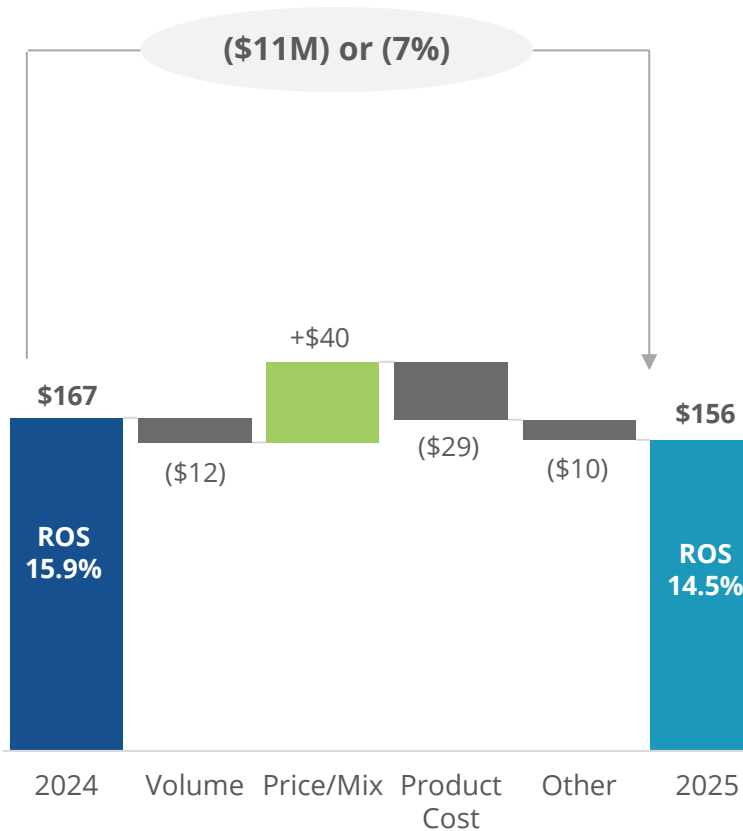
REVENUE

(US\$ MILLIONS)



SEGMENT PROFIT*

(US\$ MILLIONS)



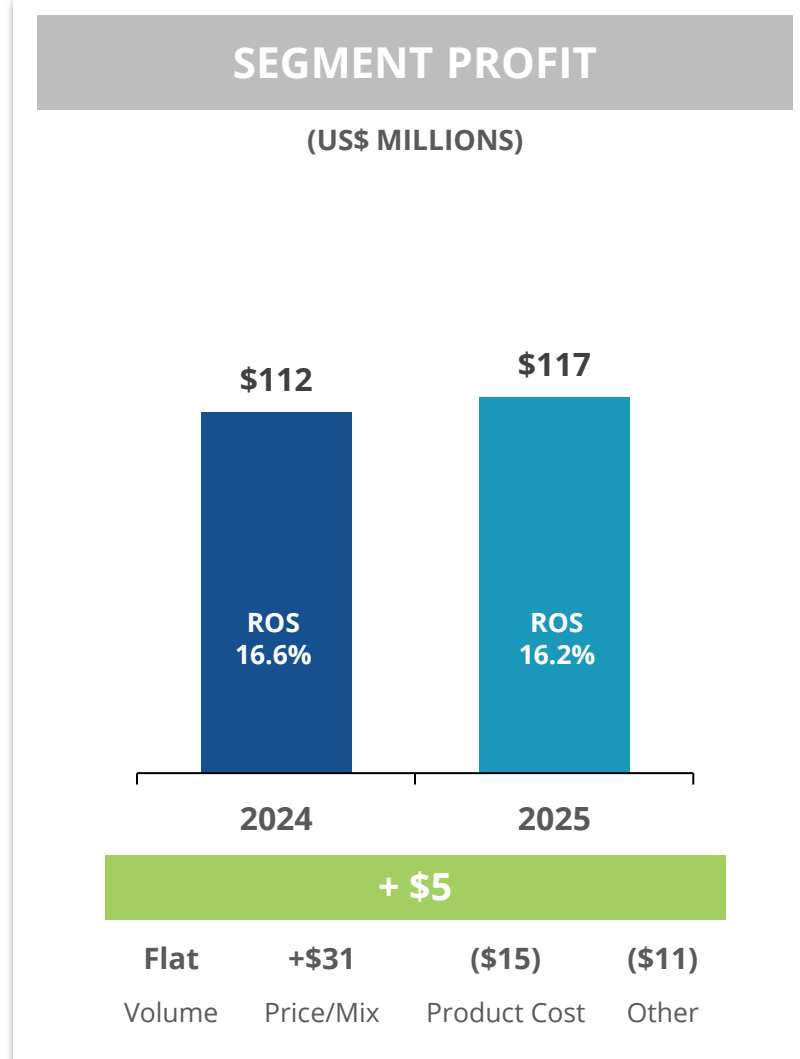
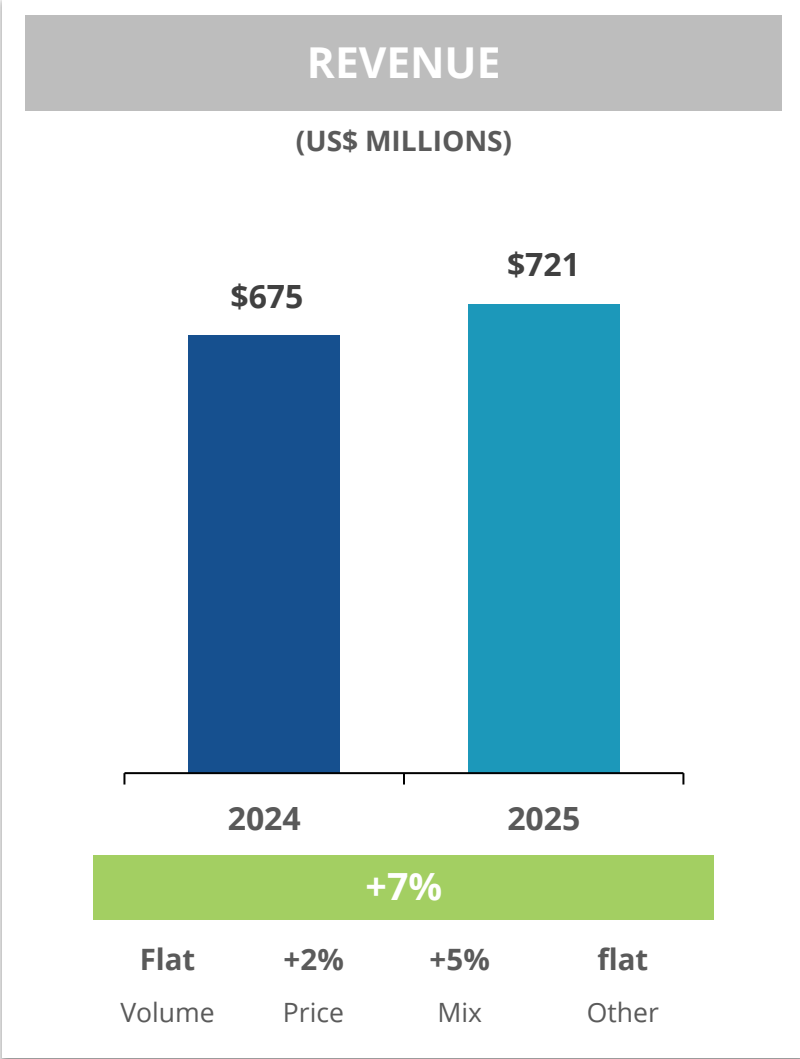
Adjusted EPS* **\$3.37** or **(3%)**

Solid execution despite regulatory transition and tariff impacts

Pricing actions underway to mitigate tariffs, impact yet to be realized

* See appendix for reconciliation to GAAP performance

Q1 2025 HOME COMFORT SOLUTIONS



Volume: Destocking pushing to Q2

Mix: R-454B transition progressing well

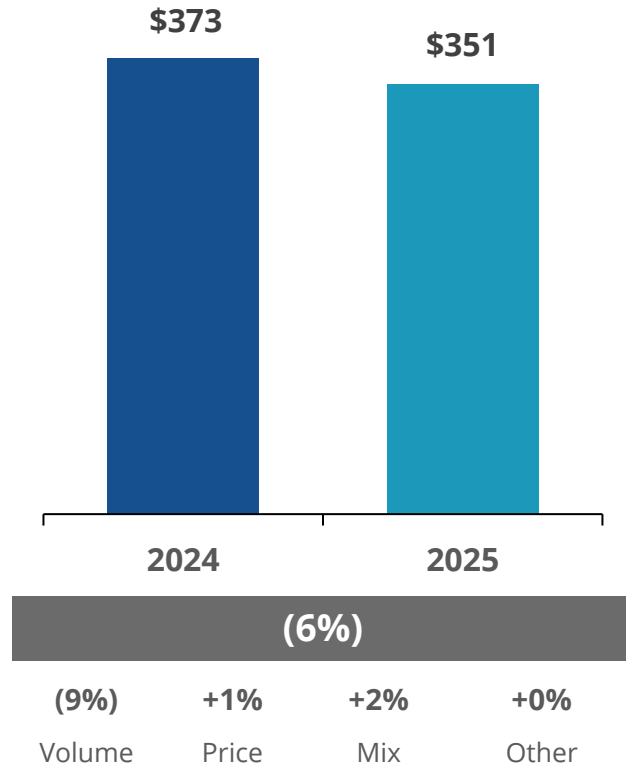
Product Cost: Tariff/commodity costs and prior year warranty benefit

Other Cost: Distribution investments and inflation

Q1 2025 BUILDING CLIMATE SOLUTIONS

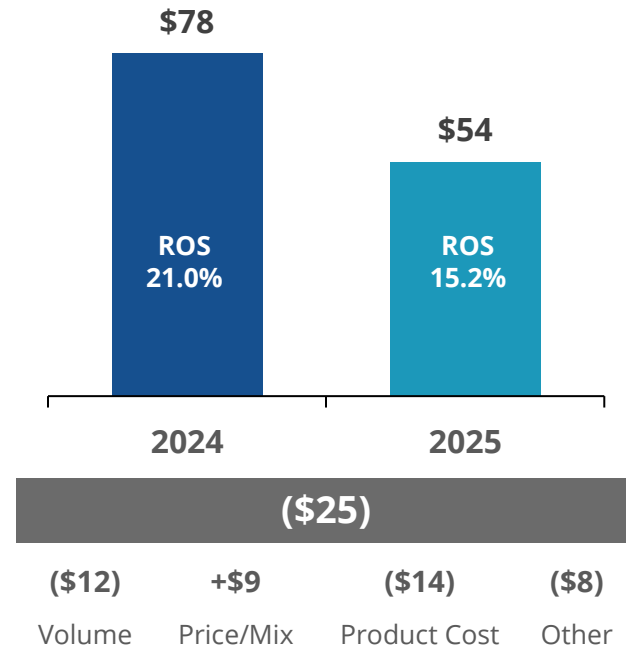
REVENUE

(US\$ MILLIONS)



SEGMENT PROFIT

(US\$ MILLIONS)



Volume: R-454B transition timing, but good backlog visibility

Product Cost: Factory inefficiencies and tariff/commodity costs

Other: Investments in front-end sales team, along with inflationary impacts

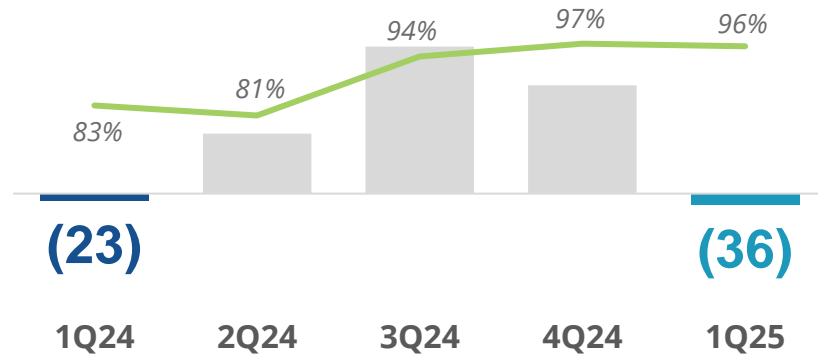
CASH FLOW AND CAPITAL DEPLOYMENT



CASH CONVERSION

OPERATING CASH FLOW
(US\$ MILLIONS)

TTM FCF CONVERSION*



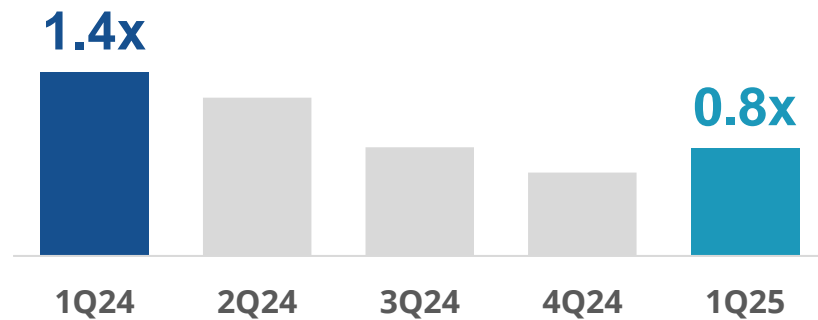
Free cash conversion above 90% (TTM)

- Inventory growth to improve fulfillment rates
- Accounts Payable terms
- Accounts Receivable collections processes



LEVERAGE

NET DEBT TO
ADJUSTED
EBITDA*
(TTM)



Maintain a Strong Balance Sheet

- Pursue inorganic growth opportunities
- Share repurchases – efficiently return capital
- Annual dividend increases



INVESTING FOR GROWTH

Growth capacity through ROI-focused investments

- 2025 Capital Expenditures ~ \$150M
- Enhanced front-end systems - customer experience
- Distribution Network – expansion & efficiency
- AI ready proprietary data assets for growth

2025 FINANCIAL GUIDANCE

REVENUE

	Prebuy	Volume	Price	Mix	Total
Home Comfort Solutions	(MSD)	(MSD)	+ HSD	+ MSD	~ Flat
Building Climate Solutions	(LSD)	(LSD)	+ MSD	+ LSD	+ ~6%
Total LII Revenue Growth	(5%)	(4%)	+ 7%	+ 4%	+ ~2%
<i>Segment Profit Incremental*</i>	~ (30%)	~ 30%	~ 100%	~ 40%	

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

OTHER GUIDANCE ITEMS

		Prior Guide
COST Δ YoY	Inflation	~9% ~3%
	Investments	~\$25M ~\$25M
	Productivity/ Cost Actions	~(\$75M) ~(\$50M)
Interest	~\$35M	~\$35M
Tax Rate	~20%	~20%
Share Count	~36M	~36M
Adjusted EPS	\$22.25 – \$23.50	\$22.00 – \$23.50
Free Cash Flow	\$650M – \$800M	\$650M – \$800M

ATTRACTIVE INVESTMENT OPPORTUNITY





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THANK YOU!



REVENUE AND SEGMENT PROFIT

	Q1 2025	Q1 2024	Change Year-over-Year				
			Volume	Price	Mix	Other	Total
Net Sales							
Home Comfort Solutions	\$ 721	\$ 675	-	2%	5%	-	7%
Building Climate Solutions	351	373	(9%)	1%	2%	-	(6%)
Net sales, a GAAP measure	\$ 1,073	\$ 1,047	(4%)	1%	5%	-	2%
	Q1 2025	Q1 2024	Volume	Price/Mix	Product Cost	Other	Total
Segment Profit ⁽¹⁾							
Home Comfort Solutions	\$ 117	\$ 112	-	\$ 31	\$ (15)	\$ (11)	\$ 5
Building Climate Solutions	54	78	(12)	9	(14)	(8)	(25)
Corporate and other	(15)	(24)	-	-	-	9	9
Segment profit, a Non-GAAP measure	\$ 156	\$ 167	\$ (12)	\$ 40	\$ (29)	\$ (10)	\$ (11)
Loss (gain) on sale from previous dispositions	-	-					
Restructuring charges	-	-					
Operating income	\$ 156	\$ 167					

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

- Restructuring charges, and;
- Loss (gain) on sale of previous dispositions

ADJUSTED EPS

	For the Three Months Ended March 31, (Unaudited)			
	2025		2024	
	After Tax Amount	Per Diluted Share	After Tax Amount	Per Diluted Share
Net income, a GAAP measure	\$ 120.3	\$ 3.37	\$ 124.3	\$ 3.47
Restructuring charges	-	-	-	-
Loss (gain) on sale from previous dispositions	-	-	-	-
Adjusted net income, a non-GAAP measure	\$ 120.3	\$ 3.37	\$ 124.3	\$ 3.47

FREE CASH FLOW & FCF CONVERSION

	For the Three Months Ended March 31, (Unaudited)		For the Twelve Months Ended (Unaudited)				
	2025	2024	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Net Cash provided by operating activities, a GAAP measure	\$ (35.8)	\$ (22.8)	\$ 792.2	\$ 780.7	\$ 919.6	\$ 945.7	\$ 932.7
Purchases of property, plant and equipment	(25.5)	(29.5)	(244.3)	(227.1)	(228.6)	(163.6)	(159.6)
Proceeds from the disposal of property, plant and equipment	0.5	0.5	2.3	1.7	2.4	2.5	2.5
Free cash flow, a Non-GAAP measure	\$ (60.8)	\$ (51.8)	\$ 550.2	\$ 555.3	\$ 693.4	\$ 784.6	\$ 775.6
			After Tax Amount	After Tax Amount	After Tax Amount	After Tax Amount	After Tax Amount
Net income, a GAAP measure			\$ 616.4	\$ 645.1	\$ 753.7	\$ 806.9	\$ 802.9
Restructuring charges			2.4	2.4	2.1	-	-
Pension settlements			0.1	-	(0.2)	-	-
Items in Losses (gains) and other expenses, net which are excluded from segment profit (loss) (a)			10.2	7.3	3.0	-	-
Excess tax expense from share-based compensation (b)			(5.2)	(5.1)	(2.8)	-	-
Impairment on assets held for sale (c)			62.0	62.0	-	-	-
Loss (gain) on sale from previous dispositions			(11.1)	(12.7)	(12.7)	1.5	1.5
Other tax items, net (b)			(3.7)	(3.8)	(3.8)	-	-
Non-core business results (d)			(6.8)	(5.4)	(2.1)	-	-
Adjusted net income, a non-GAAP measure			\$ 664.3	\$ 689.8	\$ 737.2	\$ 808.4	\$ 804.4
FCF Conversion			83%	81%	94%	97%	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.