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# SECOND QUARTER 2025

## EARNINGS RELEASE

JULY 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.

# Q2 2025 FINANCIAL HIGHLIGHTS

*Quarterly gains drive higher full year outlook*



***Updating Guidance***

Full Year  
Adjusted  
Earnings Per Share\*

**\$23.25 - \$24.25**

**REVENUE**

**\$1.5B**

+3% YoY

**SEGMENT  
PROFIT\***

**\$354**

+11% YoY

**SEGMENT  
PROFIT MARGIN\***

**23.6%**

+170 bps YoY

**ADJUSTED EPS\***

**\$7.82**

+14% YoY

**OPERATING  
CASH FLOW**

**\$87M**

(\$97M) YoY

**Net Debt/  
Adj. EBITDA\***

**1.0x**

(0.2x) YoY

# JVS EXPAND PRODUCT PORTFOLIO FOR CUSTOMERS

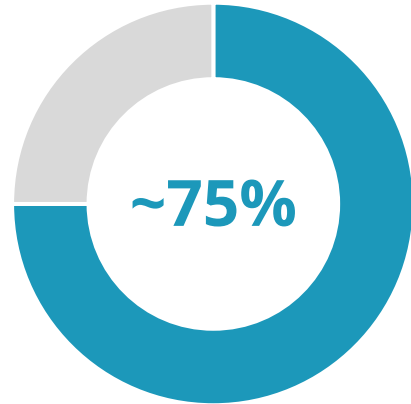
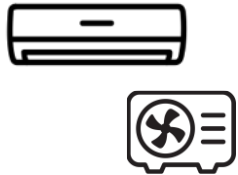
## PRODUCT CATEGORY

## % OF HVAC DEALERS WHO SELL

## PARTNER

## BENEFITS

### Mini Splits



Announced May 28, 2024

- Partner for ductless HVAC
- Well recognized global consumer brand
- Leading Mini-Split and VRF products
- World-class R&D capability and capacity

### Water Heaters



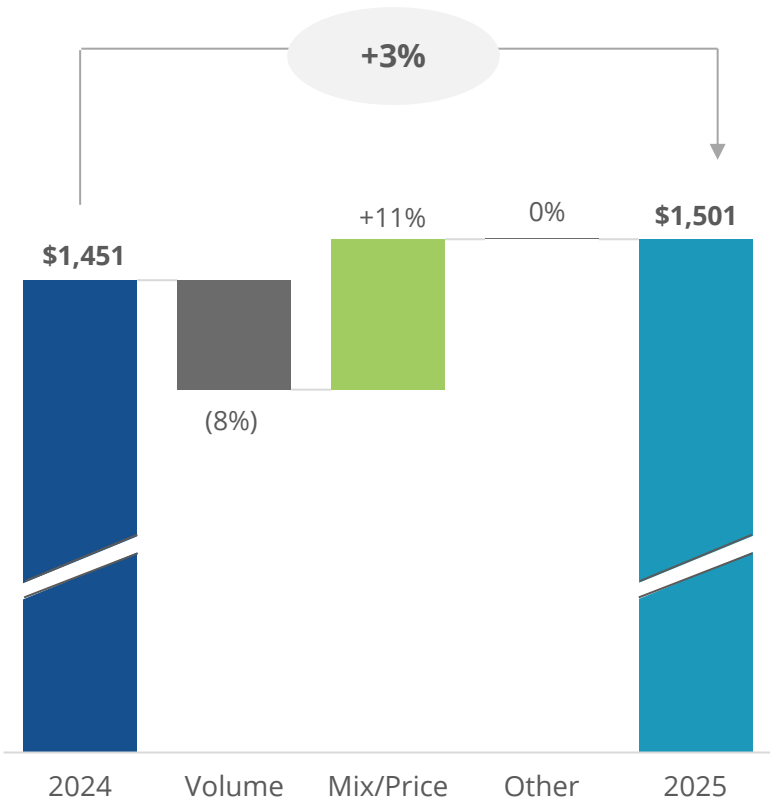
Announced May 27, 2025

- Partner for tank type water heaters
- Gas, electric and heat pump portfolio
- N. America products from Saltillo, MX
- Leading technology capabilities

# Q2 2025 LENNOX RESULTS

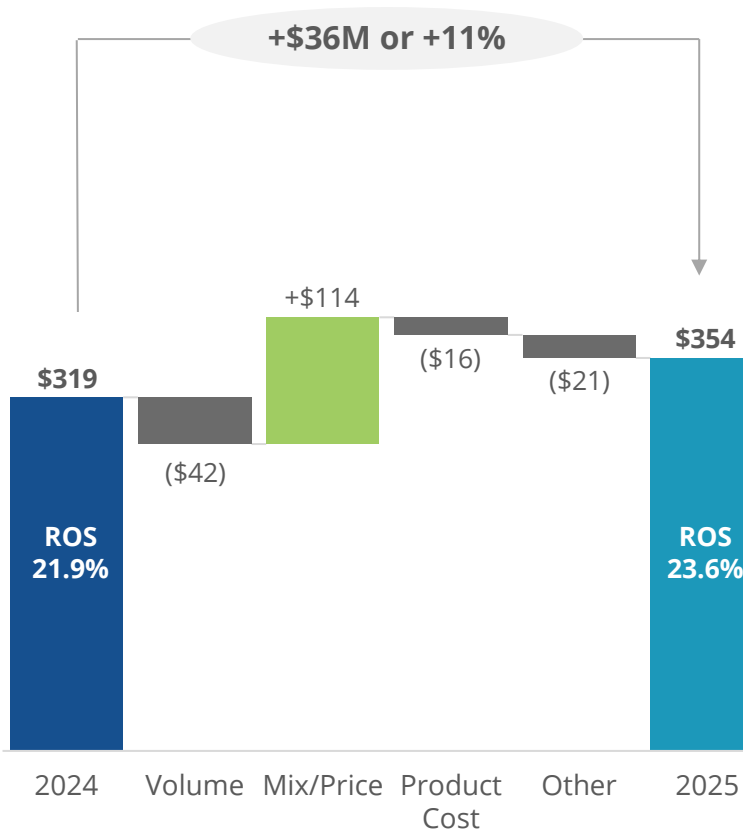
## REVENUE

(US\$ MILLIONS)



## SEGMENT PROFIT\*

(US\$ MILLIONS)

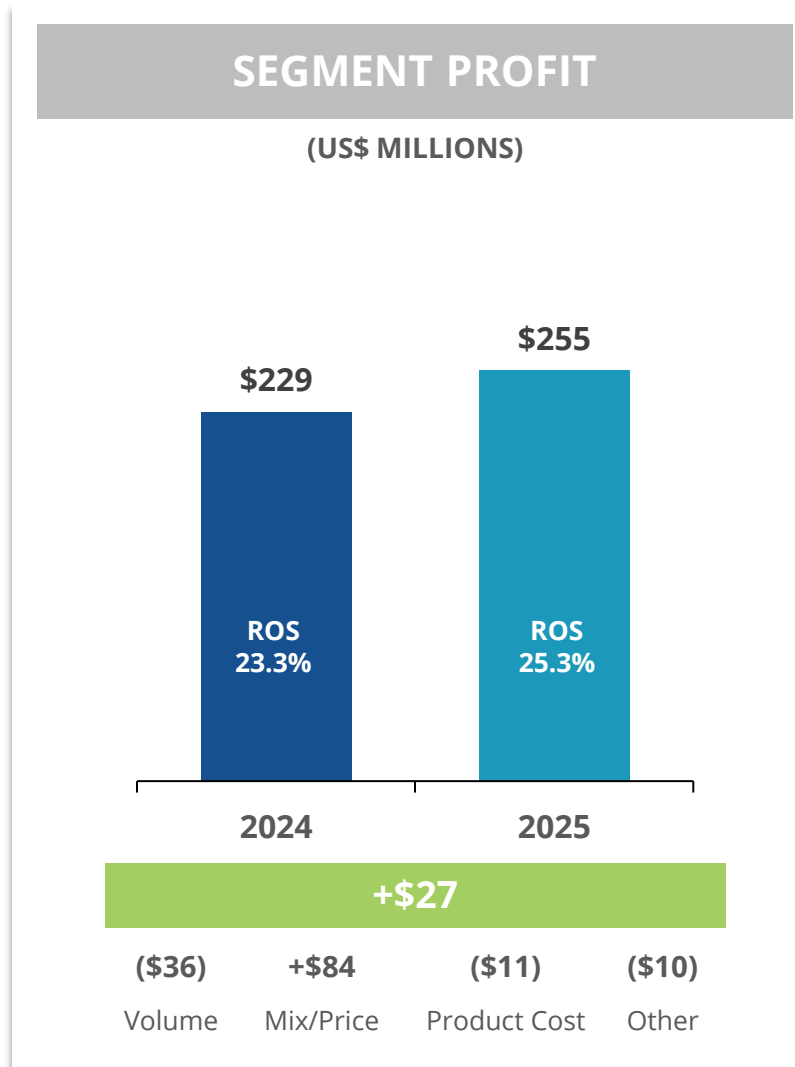
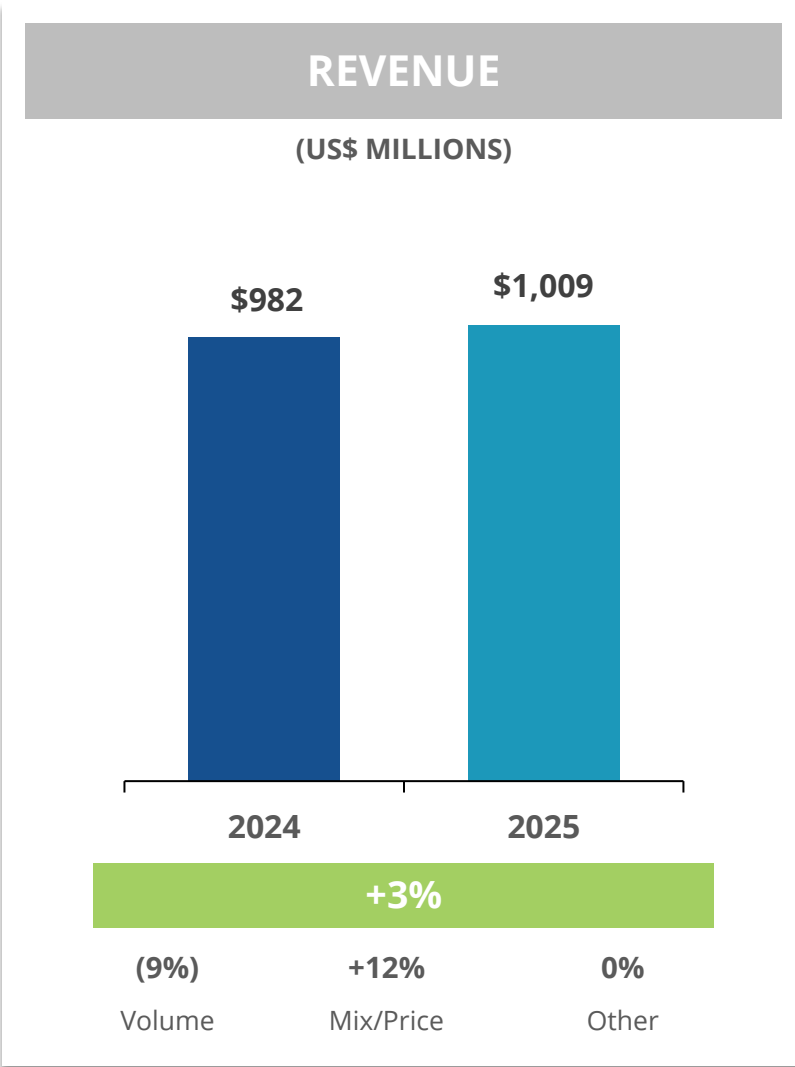


Adjusted EPS\* **+14% to \$7.82**

**Successfully navigating complex inflationary environment and new Low GWP transition**

\* See appendix for reconciliation to GAAP performance

# Q2 2025 HOME COMFORT SOLUTIONS



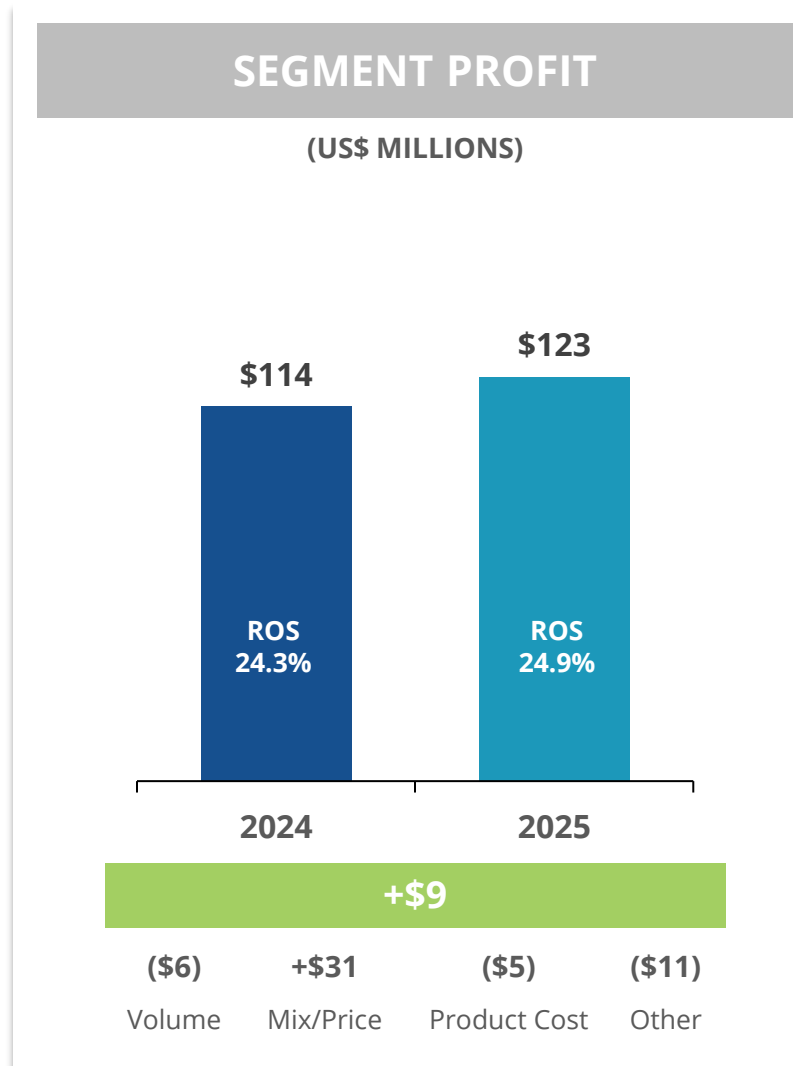
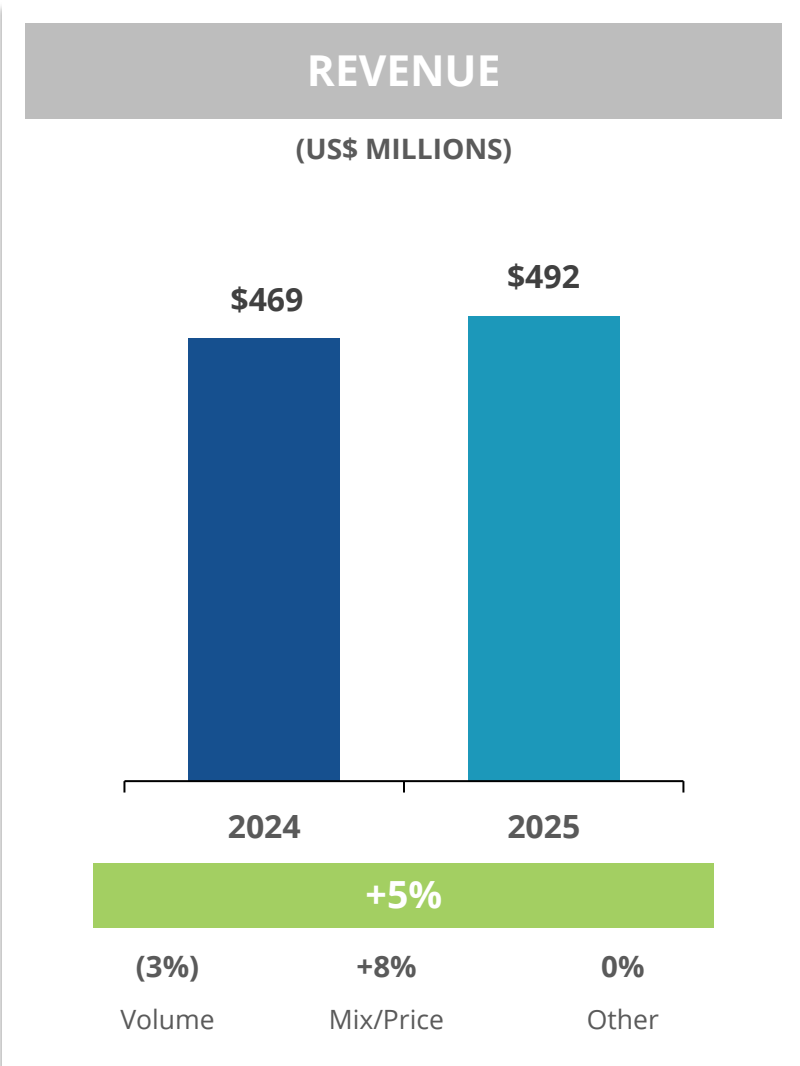
**Volume:** R410A destocking and RNC softness

**Mix:** New R454B product introduction

**Product Cost:** Materials and tariff inflationary impact

**Other Cost:** Distribution investments and inflation

# Q2 2025 BUILDING CLIMATE SOLUTIONS



**Volume:** Challenging end markets, but emergency replacement growth

**Product Cost:** Inflationary pressure partially offset with factory gains

**Other:** Distribution and selling investments and inflationary impacts

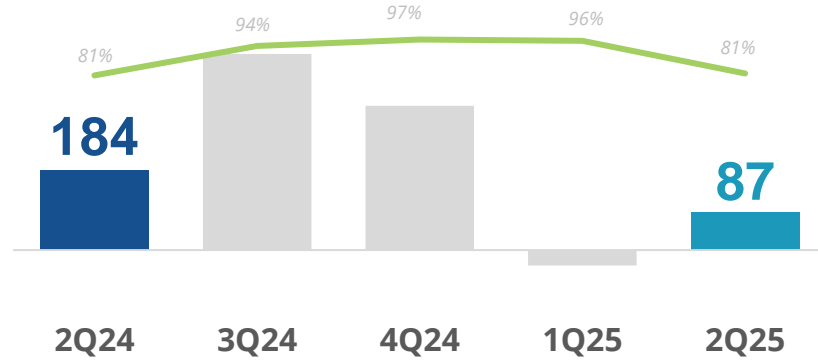
# CASH FLOW AND CAPITAL DEPLOYMENT



## CASH CONVERSION

OPERATING CASH FLOW  
(US\$ MILLIONS)

TTM FCF CONVERSION %\*



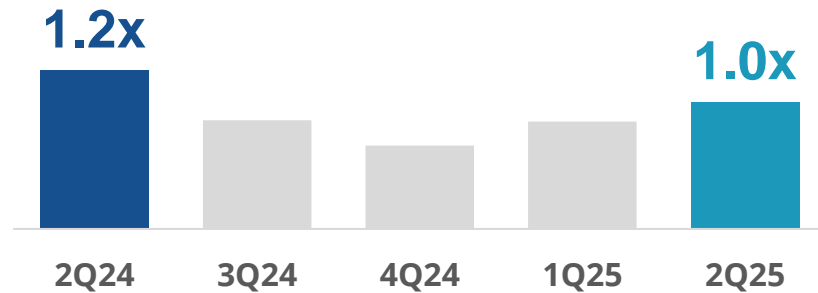
Full Year 2025 conversion ~90%

- Regulatory driven temporary inventory plus emergency replacement & Samsung
- Continued productivity in accounts payable and accounts receivable cash conversion



## LEVERAGE

NET DEBT TO  
ADJUSTED  
EBITDA\*  
(TTM)



Maintain a Strong Balance Sheet

- Share repurchases ~\$300M YTD
- Double digit dividend increase - May 2025
- Pursue inorganic growth opportunities



## INVESTING FOR GROWTH

Growth capacity through ROI-focused investments

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

# 2025 FINANCIAL GUIDANCE

## REVENUE

	Prebuy	Volume	Mix/Price	Total
Home Comfort Solutions	(MSD)	(LSD)	+ LDD	+ ~3%
Building Climate Solutions	(LSD)	(MSD)	+ HSD	+ ~2%
<b>Total LII Revenue Growth</b>	<b>(5%)</b>	<b>(1%)</b>	<b>+ 9%</b>	<b>+ ~3%</b>
<i>Segment Profit Incremental*</i>	<i>~ (35%)</i>	<i>~ (35%)</i>	<i>~ 70%</i>	

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

## OTHER GUIDANCE ITEMS

		Prior Guide
COST Δ YoY	Inflation	~6%
	Investments	~\$25M
	Productivity/ Cost Actions	~(\$75M)
Interest	~\$30M	~\$35M
Tax Rate	~19-20%	~20%
Share Count	~36M	~36M
Adjusted EPS	\$23.25 – \$24.25	\$22.25 – \$23.50
Free Cash Flow	\$650M – \$800M	\$650M – \$800M

# 2H LENNOX POSITIONING & MARKET OUTLOOK



## Lennox Growth Positioning

### Home Comfort Solutions

- ✓ Regulatory transition
- ✓ Improving fulfillment rate
- ✓ Go-To-Market excellence

### Building Climate Solutions

- ✓ Manufacturing Productivity
- ✓ Emergency replacement wins
- ✓ National account share gains

## Market Outlook

- R454B canister shortage impacts dealer confidence
  - Uncertain repair vs replace trends
  - Inflation and lack of 25C tax credits may lower mix
  - Channel inventory adjusting to shorter lead times
  - Mostly R-454B with limited R-410A
- 
- Steady replacement demand
  - Industry softness nearing bottom
  - Robust order rates and backlog
  - National account full lifecycle value proposition
  - Parts and supplies attachment opportunity

# ATTRACTIVE INVESTMENT OPPORTUNITY





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**THANK YOU!**



# REVENUE AND SEGMENT PROFIT

	Q2 2025	Q2 2024	Change Year-over-Year				
			Volume	Mix/Price	Other	Total	
<b>Net Sales</b>							
Home Comfort Solutions	\$ 1,009	\$ 982	(9%)	12%	-	3%	
Building Climate Solutions	492	469	(3%)	8%	-	5%	
Net sales, a GAAP measure	<b>\$ 1,501</b>	<b>\$ 1,451</b>	<b>(8%)</b>	<b>11%</b>	<b>-</b>	<b>3%</b>	
<b>Segment Profit <sup>(1)</sup></b>					Product Cost		
Home Comfort Solutions	\$ 255	\$ 229	\$ (36)	\$ 84	\$ (11)	\$ (10)	\$ 27
Building Climate Solutions	123	114	(6)	31	(5)	(11)	9
Corporate and other	(24)	(24)	-	-	-	-	-
Segment profit, a Non-GAAP measure	<b>\$ 354</b>	<b>\$ 319</b>	<b>\$ (42)</b>	<b>\$ 114</b>	<b>\$ (16)</b>	<b>\$ (21)</b>	<b>\$ 36</b>
Loss (gain) on sale from previous dispositions	-	(2)					
Restructuring charges	-	-					
Operating income	<b>\$ 354</b>	<b>\$ 320</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, and;
- Loss (gain) on sale of previous dispositions

## ADJUSTED EPS

	For the Three Months Ended June 30, (Unaudited)			
	2025		2024	
	After Tax Amount	Per Diluted Share	After Tax Amount	Per Diluted Share
<b>Net income, a GAAP measure</b>	<b>\$ 277.6</b>	<b>\$ 7.82</b>	<b>\$ 245.9</b>	<b>\$ 6.87</b>
Restructuring charges	-	-	-	-
Loss (gain) on sale from previous dispositions	-	-	\$ (1.6)	(0.04)
<b>Adjusted net income, a non-GAAP measure</b>	<b>\$ 277.6</b>	<b>\$ 7.82</b>	<b>\$ 244.3</b>	<b>\$ 6.83</b>

# NET DEBT TO ADJUSTED EBITDA

For the Twelve Months  
Ended June 30,  
(Unaudited)

	2025	2024
<b>Income before taxes, a GAAP Measure</b>	<b>\$ 1,026.0</b>	<b>\$ 809.9</b>
Items in losses (gains) and other expenses, net before taxes	-	8.3
Restructuring charges, before tax	-	3.1
Interest expense, net	28.9	46.8
Pension settlements, before tax	0.3	0.8
Other expense (income), net before tax	2.3	1.2
Impairment on assets held for sale	-	63.2
Loss (gain) on sale from previous dispositions	3.1	(15.7)
Depreciation and amortization expense	98.3	94.7
<b>Adjusted EBITDA, a non-GAAP measure</b>	<b>\$ 1,158.9</b>	<b>\$ 1,012.3</b>

	As of June 30, (Unaudited)	
	2025	2024
<b>Total Debt</b>	<b>\$ 1,181.1</b>	<b>\$ 1,287.8</b>
Less Cash	49.2	47.6
Less Short-term investments	5.9	10.2
<b>Net Debt, a non-GAAP measure</b>	<b>\$ 1,126.0</b>	<b>\$ 1,230.0</b>
<b>Debt to Adjusted EBITDA ratio</b>	<b>1.0</b>	<b>1.2</b>

# FREE CASH FLOW & FCF CONVERSION

	For the Three Months Ended June 30, (Unaudited)		For the Twelve Months Ended (Unaudited)				
	2025	2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025
<b>Net Cash provided by operating activities, a GAAP measure</b>	<b>\$ 86.8</b>	<b>\$ 184.0</b>	<b>\$ 780.7</b>	<b>\$ 919.6</b>	<b>\$ 945.7</b>	<b>\$ 932.7</b>	<b>\$ 835.5</b>
Purchases of property, plant and equipment	(28.5)	(32.7)	(227.1)	(228.6)	(163.6)	(159.6)	(155.4)
Proceeds from the disposal of property, plant and equipment	0.4	0.6	1.7	2.4	2.5	2.5	2.3
<b>Free cash flow, a Non-GAAP measure</b>	<b>\$ 58.7</b>	<b>\$ 151.9</b>	<b>\$ 555.3</b>	<b>\$ 693.4</b>	<b>\$ 784.6</b>	<b>\$ 775.6</b>	<b>\$ 682.4</b>
			<b>After Tax Amount</b>	<b>After Tax Amount</b>	<b>After Tax Amount</b>	<b>After Tax Amount</b>	<b>After Tax Amount</b>
<b>Net income, a GAAP measure</b>			<b>\$ 645.1</b>	<b>\$ 753.7</b>	<b>\$ 806.9</b>	<b>\$ 802.9</b>	<b>\$ 834.6</b>
Restructuring charges			2.4	2.1	-	-	-
Pension settlements			-	(0.2)	-	-	-
Items in Losses (gains) and other expenses, net which are excluded from segment profit (loss) (a)			7.3	3.0	-	-	-
Excess tax expense from share-based compensation (b)			(5.1)	(2.8)	-	-	-
Impairment on assets held for sale (c)			62.0	-	-	-	-
Loss (gain) on sale from previous dispositions			(12.7)	(12.7)	1.5	1.5	3.1
Other tax items, net (b)			(3.8)	(3.8)	-	-	-
Non-core business results (d)			(5.4)	(2.1)	-	-	-
<b>Adjusted net income, a non-GAAP measure</b>			<b>\$ 689.8</b>	<b>\$ 737.2</b>	<b>\$ 808.4</b>	<b>\$ 804.4</b>	<b>\$ 837.7</b>
<b>FCF Conversion</b>			<b>81%</b>	<b>94%</b>	<b>97%</b>	<b>96%</b>	<b>81%</b>

(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.