# Trane Technologies at Wolfe Transportation & Industrials Conference

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COMPANY PARTICIPANTS

David S. Regnery – Trane Technologies, Chairman and CEO

Christopher J. Kuehn - Trane Technologies, Executive Vice President & CFO

OTHER PARTICIPANTS

Nigel Coe - Analyst

**Nigel Coe**

Good afternoon – good morning and thanks for joining us for Trane. With us, we got Chairman and CEO, Dave Regnery; CFO, Chris Kuehn and the IR team as well.

So, Dave thank you very much for being with us, giving us your time. Maybe – I don't know if you want to start off with any opening remarks or if you just want to launch into Q&A but Dave over to you.

**David S. Regnery**

Yeah. I just have a couple comments Nigel if I could. First of all, thanks for having us at the conference today. It's great to be here virtually and I'd like to just start with a few comments on our purpose-driven sustainability strategy which is the fundamental driver behind our ability to deliver differentiated shareholder returns over time.

Now, climate change is having an undeniable impact and we are seeing more extreme weather events, which continue to threaten people and economies around the world. In turn, secular megatrends around sustainability and decarbonization continue to grow. We see corporations and industries taking more interest than ever to support these megatrends. We also see growing sustainability commitments around the world from our customers, our suppliers and our investors.

We have the technology today to bend the curve and now is the time to act while it's still possible to meet the targets under the Paris Agreement. Trane Technologies' scaling technologies today that exist to bend the curve and we're relentlessly innovating for tomorrow to dramatically accelerate progress towards reducing global emissions. This approach enables us to consistently

outgrow our end markets, which in turn helps drive our high-performance flywheel to deliver powerful free cash flow to deploy through our balanced capital allocation strategy. We ended the first quarter of 2022 with record backlog and demand for our innovative products and services. Like the broader market, we continue to see supply chain constraints that we expect to continue through the second quarter. We are working very closely with our suppliers and continue to expect those challenges to improve in the back-half of the year as we reflected in our revenue and EPS guidance for 2022. Our backlog is up more than 50% year-over-year and we are extremely well-positioned to drive value for 2022 and beyond.

So with that Nigel, Chris and I would be happy to take your questions.

# QUESTION AND ANSWER SECTION

**Question – Nigel Coe:** Thanks, Dave. That was great. So I'll do Q&A. Anyone in the room whose got a question, please queue it up. And if you got any questions on the webcast, please feel free to e-mail us at coeteam@wolferesearch.com. Hopefully, my voice can hold up here.

Dave, there are lots to talk about but I wanted to start off quite high-level here. You've been the CEO now for almost a year. I think July 1 last year. It doesn't feel externally like a whole lot is changing and why would it? You've been very successful. But internally is there anything changing? Are you putting your stamp on the company internally? Any changes there?

**Answer – David S. Regnery:** Yeah. Well, thanks for noticing. It was July 1. I mean I wonder if we're going to have a birthday cake at my board meeting that's coming up in weeks so...

Hey, look, I said before there's four things that are very important to me that I'm instilling in our company. It starts with our culture. We want an inclusive culture. It's so important and it differentiates us. Innovation is number two. We're going to consistently innovate. We're not going to be episodic in any of the investments that we make. Customer is number three for me. I believe that if you start with the customer and work your way back, you're going to find out where value is being created and you'll find what’s being wasted and you can eliminate. And it all leads up to our purpose as a company: To challenge what's possible to innovate for a sustainable world. We recently launched our ESG report, our second year. It's a great report Nigel if you had a chance to read it. It really tells stories about our

purpose. It tells stories about what we do every day. And it's easy – well, it's not easy to run the company right now with all the world events. But I would tell you that we talk about ESG, we talk about what we're doing. It's what we do every day. It's the way we engage our employees. It's the way we talk to our customers and that relationship is just a great one. So it's been a fun first year almost and I couldn't be prouder of the results that we've been able to deliver.

**Question – Nigel Coe:** Well, I haven't read the ESG report yet but it's on my to do List for sure.

**Answer – David S. Regnery:** It's a quick 130-page read.

**Question – Nigel Coe:** Okay. That's a weekend job for sure. But ESG is very integrated into Trane as a company. Maybe just talk about the process and you've got the Gigaton Challenge by 2030. How important is the whole sort of CO2 reduction efficiency proposition to customers in terms of selling and winning a share right now in the market?

**Answer – David S. Regnery:** Yeah. I think that the tailwind behind decarbonization of the built environment are gaining momentum every day. And we have customer-after-customer that has put commitments out there, and now they realize that putting the commitment out there was the easy part of the equation. How do you execute on that is when our customers would call someone like Trane Technologies to come in and help them develop that roadmap. We have a large retailer that we're working with; you may have seen it on our Web page but...Neiman Marcus. And they have asked us to come in and help them with their decarbonization efforts. And we approached it in a very systematic way. We looked at all of their assets. We help them identify where their biggest opportunities are and we develop that roadmap for them to be able to achieve their targets. But Neiman Marcus is just one example of what's happening really on a global basis as the world is reacting to these megatrends around decarbonization and we need to react to it. I mean the weather events that are occurring around the globe right now, I mean I was just getting us an e-mail from one of my board members asking if I knew what's going on in India with 115-degree temperatures, I mean it's very extreme out there right now. So we as a world need to take action. And I would tell you that we're scaling the technologies that we have today that can dramatically reduce the carbon footprint for buildings.

**Question – Nigel Coe:** So pretty much every S&P company right now has Tier 1 emission targets by a certain date. Obviously it varies. So that's leading

them to look at their building infrastructure needs and to achieve those goals right now.

**Answer – David S. Regnery:** Yeah. Absolutely. They're looking for what's their – you could have it. I'll use Trane Technologies as an example. We have a 2030 commitment but we have a glide path every year as to what we need to achieve to hit those targets. And we're helping companies build that out. It's not about just putting a commitment that says by 2030 or by 2050 I'm going to do something. Show the detail and the roadmap that will allow you to make sure that you're on course.

**Question – Nigel Coe:** Okay. How much of the extraordinary order growth and strength we have seen in Commercial HVAC. You gave the number, it's 50% growth in backlog, a lot of that has been driven by Commercial HVAC. How much of that strength is driven by that strength or is that still a roughly small part of a strong order cycle and commercial construction?

**Answer – David S. Regnery:** That's a tough question to answer. I mean it's a tailwind for sure. I would tell you that the innovative products that we've been able to introduce over several years just adds to that. And it's a system of things, Nigel. It's not just about a product. People always ask what makes Trane Technology different? It's a system of things that allows us to be a great company. How we go to market. How we – what's our new product development process? How we operate our manufacturing locations. But that's all part of this system I think. Our service organization that's been able to deliver over the last five years, compound annual growth rate of high single-digits on a global basis. That's all part of the process that allows us to be a great company.

**Question – Nigel Coe:** Okay. Great. Thanks, Dave. Okay. Let's get in the more down in the weeds now and talk about some of the operational challenges on the supply chain. You've given obviously quite specific framework around second quarter. Just wondering how the quarter is playing out in terms of China supply chain, et cetera versus your expectations?

**Answer – Christopher J. Kuehn:** Hey, Nigel. It's Chris. Why don't I jump in and then I'll let Dave jump in. So we don't normally give inter-quarter updates but I would say given that dynamic supply chain environment, we thought it was constructive to give some guidance around the second quarter.

**Question – Nigel Coe:** Yeah.

**Answer – Christopher J. Kuehn:** We called out high single-digit growth for revenue in the quarter, largely coming from price. Volume being a bit constrained due to supply chain.

But the underlying core growth in the quarter really would have been in the 10% to 12% range in terms of growth if not for the lockdowns in China. We called and estimated reopening around mid-May. We're going to see how that kind of plays out. We've got our plant reopening and it's starting to ramp-up. But the underlying growth is a lot stronger than a high single-digit revenue growth in the quarter. It really is being constrained in terms of what we're seeing in China and then just supply chain in general. We gave some guidance around adjusted earnings per share, $2.05 to $2.15. Again, just trying to be constructive as to what we think that's going to be playing out here in the quarter.

Price cost really flattish on a dollar basis. We were flattish in the first quarter, anticipated that being around flattish for the second quarter. Let's see where that plays out because as you said it's a dynamic environment around supply chain for sure.

**Question – Nigel Coe:** And I think you called out Chris, maybe 2 points or so impact from the China that lockdown early days.

**Answer – Christopher J. Kuehn:** Yeah. Sorry. $80 million to $100 million of revenue was the estimated range of revenue that we shift out of the second quarter and really shift into the second-half of the year. This is not – this is demand delay is how we see it. It really is just shifting that productivity and those production activities into the second-half of the year. So think of that as 2-ish points, a little bit over 2-ish points.

**Answer – David S. Regnery:** And Nigel just to reiterate kind of – just to comment on what Chris said; one of our facilities was impacted in China. It's now open and it's ramping as we expect.

**Question – Nigel Coe:** Okay. That's great.

**Answer – David S. Regnery:** It's pretty dynamic, I'm sure you've read or seen on the news what's happening in China. It's pretty dynamic with the lockdown.

**Question – Nigel Coe:** Very dynamic. That's certainly the message we're hearing from other companies here at the conference.

And then the flattish price costs, I think North America has been somewhat best than EMEA and APAC in terms of the price cost dynamics. Maybe – I don't know Chris maybe do you want to touch on essentially what's changing in terms of the pricing within those two regions and maybe the inflationary impacts as well.

**Answer – Christopher J. Kuehn:** Yeah. The Americas is always just given how inflationary commodities are and raw material input costs, since our largest region is the Americas that's going to have the largest impact in terms of the raw material cost. So we're seeing the best response in terms of pricing that is stronger in the Americas based on that reason.

For the quarter Q1, we had about seven points of price realization, a little bit stronger in the Americas, a little bit less in EMEA and Asia just given they've got less supply or less of raw material input cost inflation. But we're really proud as to what we've been able to execute here on price realization. We're on our second round of price increases already for 2022. We had roughly three rounds of price increases last year. So from a consumer perspective, it's been five rounds of price increases over the last 15-ish months. We're not seeing demand destruction with that. We're seeing tough conversations with customers but the fact is we're able to really just try to offset the cost. We're not trying to gouge the customer. In a normal year, we try to get 20 to 30 basis points of price over cost. We're really just trying to offset the inflation at this point in time.

So that's what we saw in the first quarter, our guidance for Q2 as we maybe price cost-neutral, maybe dollar-positive a little bit in the second quarter. It should be positive on the full year on a dollar basis very slightly but we're just trying to offset it right now.

**Question – Nigel Coe:** Yeah. No question. I mean it'd be shocking if you weren't getting some customer pushback with all the price increases at this point in time. Would you call out any region where you're seeing more pushback? I mean it seems like there's a lot more inflationary pressures in Europe right now and it feels like there's construction projects moving to the right in Europe. Would you say that's where you're seeing a bit more pushback or is it more episodic?

**Answer – David S. Regnery:** Yeah. I mean we're seeing – we see pushback in Asia. We see pushback everywhere. It's never easy going to a customer and say, hey, I'd like you to pay more. But certainly Asia is harder on price but

we're being successful there but it's harder. And Europe, I would say it's harder as well. But again we're making progress in both of those regions.

**Question – Nigel Coe:** Okay.

**Answer – David S. Regnery:** I think the other thing Nigel that we comment on a lot is the fact that when you have new innovations and you're able to tell the customer about what's new and what's been the payback on what's new, it makes some of the pricing conversations go a little bit smoother.

**Question – Nigel Coe:** Okay. Maybe that's a good place to talk about NPI and the focus for your innovations, especially within Commercial HVAC. We think of heat pumps as being the center of gravity for innovation but maybe just about them more broadly in terms of the big breakthroughs you're bringing to market?

**Answer – David S. Regnery:** Yeah. I think we think a little bit differently about heat pumps. We call them thermal management systems because it's more than just a heat pump. It's combining a boiler plant with a chiller plant with sophisticated controls and the heat pump is part of that system. But there are other elements that are part of it. And these systems Nigel are significantly more efficient than the two independent systems in the past. And that's why I talk about scaling technologies that exists today and this is examples of – these are technology we should be scaling today globally. We are. It's just the – that there is a payback there and it dramatically reduces your carbon footprint. These systems are 3 to 4 times more efficient than the systems independent.

**Question – Nigel Coe:** Yeah. But Europe is still where you're seeing the most traction, with the – I'll say heat pumps because thermal management systems is a bit of mouthful but heat pumps that's still where you are seeing the most traction.

**Answer – David S. Regnery:** We're seeing traction in all markets.

**Question – Nigel Coe:** All markets. Okay. And if you had to talk about – I mean you've got the $1 billion target out there for again heat pumps. Where are we today and what's the pathway to a much bigger number?

**Answer – David S. Regnery:** I think when people start talking about how they're going to decarbonize the billions of square footage that exists around the globe, you're going to get to a much larger number because HVAC is a big

part of decarbonization. A big part. I mean 40% of the energy in the building is for HVAC. So – and if you take on that with sophisticated controls, you get to a number that's even higher. So it's going to be a big part of how the world is going to be able to really bend the curve on global warming. And we're going to be a big part of that.

**Question – Nigel Coe:** And how much of that today is in backlog, you actually book today?

**Answer – David S. Regnery:** I mean, our backlog at the end of the first quarter, Chris, help me out...

**Answer – Christopher J. Kuehn:** (00:18:25). Yeah. $6.2 billion at the enterprise and 90%-ish of that backlog was non-residential. So it would have been really Commercial HVAC and in our Thermo King business. The majority of that still being Commercial HVAC globally.

**Question – Nigel Coe:** Yeah. Yeah. So Commercial HVAC and I do want to touch on China away from supply chain issues but thinking about China as a market for your products beyond the lockdowns. We've gone through a pretty significant real estate correction, mainly in residential to be fair, but how do you view China over the next 12 to 24 months?

**Answer – David S. Regnery:** Yeah. We don't play in that residential space.

**Question – Nigel Coe:** Right.

**Answer – David S. Regnery:** If we do it, it's just right at the top end of that. You think about what's strong in the China market right now and certainly electronics and certainly data centers and certainly healthcare which are all verticals that we're very strong in. So what's strong in China, we're strong in; and you saw in the first quarter our incoming order rates continued to be strong.

**Question – Nigel Coe:** Okay. So Dave you talk about Residential HVAC as a GDP-plus business and is undeniable it is over time. We've had a couple of like unbelievable years of growth. It feels like the consumers are under a lot of stress right now. I mean how do you view the roadmap for residential over the next 12 months or so?

**Answer – David S. Regnery:** Yeah. I think you're right in commenting it's a GDP-plus business. I think if you're looking out in the next 12 to 24 months on

new construction, there's still a lot of demand for new construction. The built environment still has room to grow as far as – which is by the way new construction is a smaller part of our resi business. On the replacement market, again it's about 20% of the total company. We don't see it falling off the cliff. And our business is performing very well right now. We have very strong backlog. We have price realization that's very strong and we have leading brands.

**Question – Nigel Coe:** And there's no – the price pushback you talked about, that's not in residential. You're not seeing pushback from distributors at this point?

**Answer – David S. Regnery:** Telling someone the price is going to go up Nigel is never easy just to be clear.

**Question – Nigel Coe:** Right.

**Answer – David S. Regnery:** Yeah. We sure – we have conversation but I think people understand what's happening right now with inflation and we're not alone in this and people are seeing it in many different industries what's happening and what we have to do with price.

As Chris said, we're not trying to gouge anyone here. We're trying to push on the costs that we're seeing and we've been successful in doing so, so far.

**Question – Nigel Coe:** Yeah. No question. And then, TK, you've been constraining your orders by design to manage the inflationary risks around that business. Maybe just talk about when you might be opening up more production slots into 2023?

And then secondly Dave or Chris maybe talk about how you think this business. Let's say, the prognoses are correct and we go into a mild recession in 2023. How do you think this business holds up in 2023 in a softer macro environment?

**Answer – David S. Regnery:** Yeah. I mean I'll start with the end of your question there. Look, if you look at what ACT is saying right now and IHS, ACT has got a nice growth rate into 2023; IHS in Europe is going to be flat in 2022, showing some modest growth into 2023 but that's subject to change.

Our Thermo King business is much more diverse than it's ever been from a product offering. It's no longer just a trailer and a truck business. So it's air. It's

home delivery. It's marine containers. It's a vast array of products now that we have as plus here in North America..

Very diverse business. So we'll see how it plays out. Right now, we think that ACT has got a call pretty close to right here in North America. IHS is – they tend to be a little bit higher level so we'll see how that plays.

**Question – Nigel Coe:** Okay. And this is the...

**Answer – Christopher J. Kuehn:** Next one...

**Question – Nigel Coe:** Sorry. Chris, go ahead.

**Answer – Christopher J. Kuehn:** The question on the bookings and what we're doing there in terms of the backlog. So at the end of the first quarter, we had not opened up the fourth quarter, let's say, for bookings. It doesn't mean we're not accepting slots from customers. We're having those dialogues all the time. It just – we just didn't want to price it based on that level of information. We would probably price that more into maybe Q2 or Q3. We have a better view on the cost environment that's there.

And I think this way we go back to the customers with just one price for them rather than a risk of having another price increase, so that's still kind of playing itself out pretty well. But 2023 and it's certainly second-half of the year is when we start thinking about orders for 2023.

**Question – Nigel Coe:** Okay. Second-half of this year. Got it. A lot of your competitors, I mean your two major competitors in Commercial HVAC spent a lot time talking about digital; one in particular…software solutions in terms of building. Maybe talk about Trane's IoT strategy in the Commercial building. You centered around really connected chillers historically. But maybe just talk about some innovation you have around that and some of the products you're going to market with?

**Answer – David S. Regnery:** Yeah. We're super excited about our controls business from a building management system. We've been working on it for years. It's not new to us and we have a fantastic offering. Years ago, we decided that we were going to be a little bit different. So we went out there with open protocol. We went out there. We led with wireless. We knew we had to be different and we lead with wireless today.

We looked at it holistically. It's not another building management system, how it connects into our products, how we are able to aggregate data, how we're able to run AI against that data. We're very happy with the growth rates that we've seen in our controls business for the last seven, eight years for sure. It's been double-digits and we continue to see a lot of activity there. We love our connected strategy. That continues to grow. Customers see the value in it every day. It's migrated from a connected strategy to augment your service business, to be a connected strategy, to help the customers manage their energy needs. And that's really the way we look at it today.

**Question – Nigel Coe:** Well, that's what I was trying to get at was really roughly half of your Commercial HVAC applied business is service. How has the service mix changed over the last 5, 10 years, from sort of a regular break/fixed parts-based service model to now more predictive and value-added services?

**Answer – David S. Regnery:** Yeah. I mean I don't have the exact percentage but I would tell you that a service technician today is if they get a server, they're dialing into a unit to understand what's happening many times before they even get to the job site. And we're dispatching in many cases, depending on the service here, we maybe dispatching someone because a particular building is using too much energy which could be a number of things that could be how you correct, that it could be how someone set the controls. It could be a mechanical problem on a damper that’s not closing. But it's changed over time and it's – everything is connected and everything is becoming more intelligent. And maybe that's part of the reasons why we have all the chip problems we have. But it's actually really interesting to see how it's transformed our service business.

**Question – Nigel Coe:** And what's that doing to things like attrition, attachment rates market share versus the ISPs? I mean how is that changing your competitive positioning within the market?

**Answer – David S. Regnery:** Well, first of call, we're attached on the applied side of our business. We like to say we're attached to everything coming up. Anything that's new, we want to be attached to it. We want to be attached to it from making sure that it's operating the way it should be operating day one out of the box and some of that's on warranty but some it is to make sure the customers are getting the value that they signed up for. So we're always going to be connected and being able to prove your value proposition for the customers. It doesn't take long when you're connected, when you're able to have conversations with the customer at a different level about how their

building is performing. That's very, very powerful. And I tell you one of the things that when – during the pandemic, think about hospital Nigel where you have to go visit someone who is sick. You had an HVAC problem. You had a technician that would have come into the facility to fix it. if you are remotely connected, that whole dynamic just changes; what could be fixed remotely.

If I am in there, how do I limit the amount of time that I'm actually in there as a service technique. And that's played out and people – the value proposition became very, very clear to at least in the healthcare channel very fast.

**Question – Nigel Coe:** Yeah. Okay. I do want to give the room a chance to ask a question. So if there's any burning on questions? Yeah. Right here please. There's a question coming from the room here.

**Answer – David S. Regnery:** I can't see them but you could repeat it.

**Question – Nigel Coe:** Okay.

**Question – Unidentified speaker:** Hey, thanks for taking the time. Just on the education front, it seems like a lot of the funding still has yet to be spent? So just I would be curious how you guys are thinking about that? Should that be a pretty significant tailwind in the years to come?

**Answer – David S. Regnery:** Yeah. That's a great question. I mean I think in the education vertical, we started with indoor air quality audits and provided our customers with roadmaps as to over time how they could deploy capital to improve the indoor air quality as well as to ensure the energy efficiency of their buildings. With the stimulus funding, obviously that accelerated some of those roadmaps and we worked with our customers to show them how funding can be available to them utilizing the roadmaps.

Specifically to your question, we're in year two. It's May. This is the season as students start to take summer break where a lot of the work happens. The funding actually lasts until September of 2024. There is some activity right now that potentially extend that. I don't know where that will end up but we're in Season 2 as well call it and you have a couple of more seasons left.

**Question – Nigel Coe:** Great. That's good. And just remind us Dave, what – how big is education for Trane?

**Answer – Christopher J. Kuehn:** So think of our Commercial HVAC North America business, 50% equipment, 50% services. And of that 50% of

equipment, we have multiple verticals in which we play in. Think of that as maybe half institutional, half commercial; of which within institutional you're going to see education and that could be K through 12 and higher Ed. So we're pretty diverse but it's an area that we play very well in.

**Question – Nigel Coe:** Okay. Great. I want to finish off on margins; what better way to finish it. Actually margins and hopefully we have time for just a quick capital allocation question. Going into 2023, I think you said back in the 25% organic incremental zone. Is that still sort of the best thinking right now?

And then since the – obviously the transaction with Ingersoll-Rand, you've gone through a $300 million productivity program. Is there a next leg of productivity beyond that Chris the way it continues today? Do you see a potential for another wave of initiatives?

**Answer – Christopher J. Kuehn:** Yeah. I'll take your second question kind of first. So we're well on the path of the $300 million transformation cost savings. We realized up to $190 million through the end of last year. It incrementally jumps to $240 million of run rate savings this year. So incremental is $50 million. It gets to the run rate at $240 million and then it puts us in a great spot to be ready by 2023 to be at that $300 million. Again we're using those dollars, Nigel. It can go to the bottom line but it also can help fund that innovation loop and that flywheel as we described it to make sure that we've got those innovative products and the funding to go execute on that.

Will we stop in 2023? The answer is going to be no. We're always going to look for opportunities going forward to streamline, operationalize. The launch of the new company gave us a great platform to do that. Think about where the work is being performed; less central, more decentralized in our regions. That's been kind of our go-to-model that Dave helped pull together for the company.

So, yes, we'll continue to look at options going forward but it's not going to stop magically in 2023 is what I would say.

The first part of your question on margins, we haven't really guided 2023 yet. I really want to see how we get through the next couple of quarters. But I would tell you that our long range target is really to get 25% incrementals on good revenue growth. So let's see where the markets fall out on revenue growth but long-term target we should get 25% incrementals. Start with 30% core and

then we save 5 points for that reinvestment back in the business. So 25% we still like over the long-term.

**Question – Nigel Coe:** And then maybe just a quick comment on the M&A pipeline. You've got $1.9 billion commitments to deploy capital this year. We've got those in buybacks right now and buying back stock at these levels is probably not a bad idea. But how do you feel about the possibility of one or two deals breaking for you this year?

**Answer – Christopher J. Kuehn:** Yeah. I'll start. So we've – of the $2.5 billion was kind of our ballpark estimate for capital deployment. I'll tell you based on the M&A pipeline, maybe we'll do more. It really will depend on what's available and what we like and it's attractive. Of the $1.9 billion left to deploy outside of dividends, we really deployed about $350 million in January through share repurchase. Stock was trading a bit higher at that time and we thought there was good value in the shares then to repurchase. We absolutely see value in the shares today and we continue that process. So, $2.5 billion is a guideline. But – and we have I think $4 billion of firepower in terms of share repurchase authorization that our board opt in the first quarter.

We've got a ton of firepower to do both is what I would end with. We're not capacity constrained. We've got a great balance sheet and we did close on one acquisition in the early part of April in Commercial HVAC, America's Space, another independent sales office that we brought into the Trane family, which have been great returns for us. But the pipeline remains active in terms of the technology, acquisitions early stage as well as we'll look at channel deals as well.

Dave, anything you want to add?

**Answer – David S. Regnery:** Nigel, the M&A pipeline is active and obviously we're going to be disciplined. We like being a pure-play. We like technologies and we've been very, very successful at deploying some of the technologies that we have acquired over the years.

**Question – Nigel Coe:** Fantastic. So we're more or less out of time Dave but do you have any closing remarks?

No. Hey, look, first of all, thanks for having us. I mean the demand for our products and services has never been stronger and I've been in this industry a long time. We have an incredible backlog right now. The supply chain is going to be choppy through the second quarter. We see it getting better in the back-

half of the year. The tailwinds around decarbonization are not going to go away and they continue to gain momentum every day. So thanks everyone for your time today. Thanks for your interest in Trane Technologies and hope to see everyone in-person real soon.

Thanks, Dave. Thanks, Chris.

Thanks, Nigel.