

Trane Technologies
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Chris Snyder: Thank you, everybody. Chris Snyder, U.S. Multi-Industry Analyst here at Morgan Stanley. Super excited to have Trane Technologies with me up here today, CEO and Chair Dave Regnery, CFO Chris Kuhn. Before we get into the Q&A, Dave is going to share some opening remarks.

Dave Regnery: Yeah, well, thanks, Chris. We were just talking about what a great place for an investor conference here in Laguna. It's one of my favorite locations to travel to. Unfortunately, I can never stay here long enough. I think I'll be on the ground for about 20 hours this time. Anyways, well, hey, thanks for coming. Thanks for your interest in Trane Technologies.

Earlier in the week, we had the opportunity on Tuesday to ring the opening bell for the stock exchange. And if you ever have had the opportunity to go to one of those events, it's an event. And we're celebrating 5 years as a pure play Trane Technologies. And before I actually rang the bell, we had -- they organized an event that I had the opportunity to talk to about probably about 150, maybe 200 people. Most of them associates, some of them are customers. And I told them, I said, where were we 5 years ago? And it sounds like a long time ago, and maybe it was, but it goes by in a flash. And 5 years ago, where was Trane Technologies?

And I said, I'll remind you. We had revenue of \$12.5 billion. We had a stock price that was a bit under \$100. We had a market cap that was \$35 billion. And we had 35,000 employees. When we roll forward these short 5 years later, where are we today at Trane Technologies? Our revenue this year will be over \$21 billion. Our market cap will be over \$90 billion, almost 3x. And our stock price is, I'm not sure what it is today because I'm told I can't look every day, but it's over \$400. And undervalued, for all you investors. And we have 46,000 employees.

We've had just a tremendous run over the last 5 years. And last year in our employee engagement survey, which is a proxy for the health of our culture, we had our highest score ever as a company. At Trane Technologies, I always talk about our culture and say it's a diverse, inclusive, uplifting culture. We work towards yes. We don't want to say no. We don't dwell on a problem, we solve the problem, because that's where the growth comes from. It's just been a tremendous run over the last 5 years.

But I ended my short presentation with, look, as a CEO, I see more opportunities today than I did 5 years ago. And look at the growth rate we've been able to establish. We have a compound annual growth rate over the last 5 years on a reported basis of 12%. But what's in front of us is even greater.

And that has to do with the cost of energy and the fact that we know that most

buildings operate conservatively. They waste 30% of the energy that they pay for. And we know that our solutions can dramatically reduce that. Our solutions have great paybacks, and by the way, they also help our customers reduce their carbon footprint. You want to talk about a winning combination? Great paybacks, great for the environment. That's Trane Technologies.

And I'm very proud of what we've been able to accomplish. And we then went and rang the bell. And of course, that becomes a whole different set of scenarios. Anyways, it's great to be here today. It's great to see the success that we've had. But I'm telling you, I'm more excited today than I was 5 years ago about all the growth opportunities that we have in front of us.

Look, before we get started, I'm going to ask myself the first question because I know just mingling in the crowd here earlier, I know top of mind is, hey, can you talk about your residential business? And look, first of all, we're well aware of what happened in July. Very public data. The market was down approximately 30%. We're well aware of that. We're also aware one of our competitors yesterday talked about having a very soft August. We did as well.

Let me remind everyone of a couple of things. One is, first of all, our residential business is about 15% of the enterprise, 15%, 1-5. I'll also remind you what we said in the second quarter. The second quarter we said that we anticipated the third quarter, at least on a dollar basis, so I'm only going to talk dollars, not units, because it becomes too confusing. On a dollar basis, we thought that the third quarter could be down high single digits. We now believe that number could be down, could be down up to 20%.

For the full year, we said that we thought residential would be flattish. We now are saying that that could be down. Could be down. It could be down high single digits. That's where we are with our residential business. This obviously will put some pressure on EPS. We don't believe that pressure is material and we believe that the pressure will be more fourth quarter than third quarter.

I'll ask Chris to give a few comments here in a minute, but one thing I want everyone to be aware of is, yes, the residential business is running into some tough times. And yes, we are managing the business appropriately from a cost standpoint. We are taking costs out. We have taken some time out of our factory so that we can balance the inventory load within the channel. We're doing all the right things to make sure that we can maximize the opportunities that we have within residential.

But one thing I want to make sure everyone's very clear on, what we're not going to do is cut our long-term investments in the business. Trane Technologies is a company that consistently invests for the long term. And just because one of the businesses may be having a tough opportunity in front of them, that doesn't mean you start cutting your investments. You have my commitment as the CEO that we're not going to be cutting our long-term investments. That does not make sense to Trane Technologies. It's not who we are as a company. Chris, I don't know if you want to add anything?

- Chris Kuehn: Just a couple of things. Look, we're watching the markets closely. Our view would be is that we'll update you in our third quarter earnings call at that time what our views are for 2025. We're not updating guidance today. Number one, from a standpoint we don't think that it's a material change, especially on Dave highlighted the maybe some pressure on EPS. And we think of that more of a Q4 impact than a Q3 impact. The reason behind that is just the shoulder season in residential. It's just lower volumes in the fourth quarter. It's just more of a decremental impact in the fourth quarter. But we'll update investors as we normally would on our October call.
- Dave Regnery: Thanks. Okay, now let's talk about the 85% of our business.
- Chris Snyder: If I could -- maybe if I could start with one on the 15%. When we think about the pressure that's being faced, do you think this is more just a function of inventory in the channel? Like you mentioned AHRI down a lot in July, but if we go back to the back half of last year, those were pretty huge growth numbers. Or do you think that there is risk that the amount of price and mix up that's been pushed on the consumer is having a just negative impact on market demand which could be longer lasting?
- Dave Regnery: Yeah, I think it's a mix. I think in our second quarter earnings call, we talked about additional inventory that was in the channel, that was still in the channel, that needed to come out of the channel. And we gave everyone a dollar amount on that. There's still inventory that has to come out of the channel. I also think there's other dynamics that are happening. Interest rates are still high. You could see what's happening with new construction. You could see what's happening with existing home sales. All those numbers have an impact.
- Pricing, you know, pricing has been pretty sticky in that business. I don't know if that's it. You had a regulatory change on the refrigerant. From an engineering standpoint, that went fine. From a supply of 454B cylinders in the marketplace, that did not go so well. Some people lost some confidence there. I think it's a lot of different variables that are causing that. I think structurally, the resi business is fine. It's a great business. It'll be a great business well into the future. Look, 2025 is going to be a difficult year for a lot of different reasons, but at the end of the day, I think we'll move beyond this in 2026.
- Chris Kuehn: And Chris, what I'll add is, just to help with the math, if it were to be down high single digits for the year, that could be about \$250 million of revenue on the full year. Obviously, second half. Think of that it could be \$100 million in Q3, about \$150 million in Q4. Again, we'll update as we get to that October call, just given these are very short cycle markets.
- Chris Snyder: Yeah, no, appreciate that. Maybe kind of zooming back out here, Dave, you said a 12% organic CAGR the last 5 years. Industry data, industrials, it's just kind of bifurcated from everyone. Just kind of high level, why does Trane win? And just on the technology point alongside that, a lot of HVAC OEMs tell us they have the best technology. And from the outside looking in, it's hard for us to know. I look at the growth rates and that kind of tells me who's winning, but anything you could kind of talk about on the technology side as well?

Dave Regnery: That's a great thing to look at. Look at what we've demonstrated. Look, I think how does Trane technology win? I don't think it's one element. I think it's a system of things that allows us to win. And I could point to a number of things. Our direct sales force. I was telling a group earlier today, it's not that hard being a CEO. Stay close to the customer, never stop investing in yourself, and make sure you pay attention to the culture of your company. You do those 3 things, you're going to be successful. We like a direct sales force. We like being close to the customer. We like understanding what their needs are today and tomorrow.

We have a service business, a third of the company that's demonstrated double-digit growth for the last 5 years on a compound annual growth rate basis. It's a competitive weapon that we have as Trane Technologies. It's our business operating system that allows us to take best practices and share them on a global basis. It's the way we innovate our products.

You know, you ask about, how does Trane Technology become the innovation leader in the industry? It doesn't happen by accident. It's about the consistency of the investments. We're not episodic in how we invest in our business. I'm always amazed when I hear companies say, we're going to double down on the investment. What the heck were you doing before? I mean, we're very, very consistent in how we invest in our business.

And we think of things at a system level. We have the broadest portfolio in the industry, the broadest portfolio in the industry. We are agnostic to the product. We are. We're thinking about a solution, a system sell to the customer. What are the best set of products to solve your particular issue? That allows us to think a little bit differently. So yeah, people can say they have great innovations. If you look at our results, you're going to see that we not only can say that, but we can demonstrate that with our growth rates.

Last year, we introduced 190 new products into the marketplace. 190. When I started at Trane a long time ago, back in the 2010 era, I could remember we had 5 products, new products in our pipeline. Five, right? I knew everything about it. Today, last year, 190. Think about that. A direct sales force selling 190 new products, how you train that sales force. Think of your service business. Think of your technicians, how you have to bring them up to speed as to what these new products are. What does that infrastructure look like? That's all part of Trane Technologies which makes us very successful. And hopefully everyone sees that in our results.

Chris Snyder: If we look at commercial HVAC, if we look at you, but even if we look at the broader commercial HVAC industry, it has bifurcated from construction the last couple of years. It has not been a good construction market. It feels like a lot of the momentum is the ROI that you talked about. Is there any color information on how does a customer payback look today versus maybe 2019?

Dave Regnery: Yeah, I mean -- first of all, the paybacks are very attractive, depending on what your -- I hate to talk about averages because it's always dangerous, it depends what you're replacing. But if you think about at a higher level, just think about

what do you think the cost of electricity is going to be tomorrow versus what it is today? We see what's happening there. The cost of energy continues to increase. I'm telling you, we've done hundreds and thousands of energy audits in buildings. Most buildings operate about 30% or more, it's a very conservative number, inefficiently. It's about solving that problem.

A lot of times you'll hear people talk about we need more power on the grid. It needs to be renewable. I get it. And that's all goodness. Nobody talks about what we call demand side management, which is how about that power that you're paying for that you're wasting? And that's where the opportunity is in the future. And how we're implementing our digital solutions.

We used to talk about having connected buildings and I think we were up to 30,000, 40,000. In the Trane, our business, 60,000 connected buildings, 60,000. We bought BrainBox AI about in the beginning of the year, that's another 20,000. We have 80,000 connected buildings. Millions of connected assets. When you're connected, you make sure that the asset is performing the way it was designed. Think of it as continuous commissioning. That's the opportunity that's in front of us.

I go to a lot of meetings, and everyone will be talking about, we need more power on the grid. And they're all correct. Let's have more people talk about demand-side management. Let's have more people talk about the amount of energy that we're paying for that we're wasting. I belong to the World Economic Forum, and I was meeting with them a couple of weeks ago in Davidson. And we were talking about, let's create a consortium of companies around this demand-side management. So everyone can understand, this is an opportunity. And oh, by the way, this myth that because something is sustainable, it costs more and there's no payback? It's a myth in our world. We have great paybacks. And by the way, we're reducing the carbon footprint for our customers.

Chris Snyder:

Yeah, lower rates and higher electricity prices seem like a good ROI payback math. I guess could you -- one thing that I've noticed about Trane is, when we see these data center CapEx inflections, it feels like Trane's orders start to bifurcate versus others. In the back half of '23 we saw it. In Q2, you guys saw an order inflection. Clearly, that's a market that values technology. Can you talk about is there any products or technologies that are really gaining traction and allowing you guys to win in data center?

Dave Regnery:

Yeah, I mean, look, data centers is one of the verticals we play in. It's a very strong vertical, but I would tell you it's been strong for Trane Technologies for decades. We're more than just data centers. I'm going to talk about data centers, but we're more than just data centers. We track 13 other verticals that we're also very, very strong in that are very, very important to our business.

In the data center vertical, I would tell you that technology moves faster there than in any other vertical. And it starts with a direct sales force. It starts with having a relationship. It starts with innovating with your customers. We bring our customers, it's not just PowerPoints, we bring them to our labs around the world. And our lab infrastructure is fantastic within Trane Technology. They love

coming in, seeing us demonstrate what's possible, and innovating for the future.

We have so many innovations that have come from our data center vertical, that we now loop back around in many cases and put in our core markets. Look, we've been strong in data centers for a long time. We're going to be very strong in data centers in the future. Our pipeline of opportunities in front of us grows every day. And that's what I look at. I look at our pipeline of opportunities and I look at how we're closing these orders with our customers.

And, you know, when you sell an applied system to a hotel like this, and by the way, this is a Trane system in this hotel --

Chris Snyder: It feels cold.

Dave Regnery: It's very cold. We're doing a good job conditioning the space. But you know, there could be a couple of chillers. They wouldn't let me in the mechanical room. I tried to get there earlier, but they wouldn't let me in. But they did tell me it was Trane. But there's probably 2 or 3 chillers down there, depending on the tonnage requirements of those particular, of this application and those chillers. In a data center, you could have 100. The scale is totally different in the data center world.

Chris Snyder: The company -- I guess moving over to service, you guys have been a roughly 10% CAGR there the last 5 years on service.

Dave Regnery: Low double digits.

Chris Snyder: Low double digits. It's obviously a great growth profile. When we look at all the equipment you've sold, I think that does support the growth outlook. But I wanted to talk about the investments that you're making on that aftermarket side. Not only how does it help you support growth, but does it help you guys better maybe leverage some of the sales that are coming through on the service side?

Dave Regnery: Yes, but I'll let you talk about the investments. Go ahead.

Chris Kuehn: Yeah, look, it's broad bus. There's a number of revenue streams that make up services. We don't provide a lot of information on that given we don't want it to make a roadmap for our competition to go follow or imitate. But I'll start with the service technicians. We're always adding physical service technicians. We've actually got some great programs of bringing more people into that space. We have recruiting our veterans coming out of the American military. And for technical skills that they've learned while in the military, let's translate that into service technicians and/or residential technicians as they are looking for full-time roles as they end their military service.

We're adding a lot of tools around the digital capabilities. Maybe what's different from 2019, when there's an issue in a building and you're rolling a service technician to the building, they have so much more information today as to what that problem could be. And/or, can you fix it remotely? Something we certainly invested further in during COVID was having that remote connection, that digital connection.

And then maybe back to BrainBox AI, an acquisition we completed earlier this year, we had a partnership with that company for a couple of years. And it's really a great example of taking an early-stage technology that ultimately can improve the efficiency of a building, anticipating the needs of a building where you could have inefficient outcomes. And so that's the concept of AI is let's avoid that inefficiency by correcting it earlier. That's been a great partnership.

And think about early-stage technology, tying that in with our very strong channel, 150 plus sales offices in the U.S., and then think about that opportunity globally. That's where we can get more efficiency on the sales side that drives the service growth.

Dave Regnery: One of the investments we made, which we just had a soft launch of yesterday, was a new training facility for our service technicians in North Carolina. And this is state-of-the-art training facility. Think about it, we have about 4,000 technicians in the United States, and being able to make sure that they have the latest skills, being able to make sure that they're up to speed on all the new products that we're putting out into the marketplace is extremely important. And this is a big investment.

But I happened to run into a couple of technicians when I was up ringing the bell in New York, because we invited some of the technicians to our little gathering, and they were like, hey, have you seen that new training facility? I said, yeah, I know, I sit on that campus. But it's exciting. It's such a great business, this service business. I always tell people, if you're having a bad day, go travel with one of our service techs. Because I guarantee you'll see -- you'll leave excited about the opportunities in front of you.

Chris Snyder: Appreciate that. Maybe on -- oh, a technology that gets a lot of focus in the market is liquid cooling. Can you talk about your thoughts on that technology? And what does it mean for Trane as liquid technology continues to take share at least in the data center vertical?

Dave Regnery: Yeah, I think it's great technology. I think, as I said, the data center vertical continues to move. I'm going to use very simple terms so everyone can get on the same page as to what this is. In a thermal management system within a data center, think of it as the chiller. That's what's taking the -- removing the heat. Think of it in the data hall, think of that as all air handling. You'll hear terms like the aspect ratios, etc.

Then you have a CDU, cooling distribution unit. What that's doing is it's taking this chilled water and dispersing it where it's required to which rack. And then on the rack, you would have a cold plate. And the cold plate is removing the heat from the chips themselves. Again, closer to where the heat is being generated for that particular source.

Now, we look at this at a system level. Again, one of our competitive advantages as a company is we look at everything at a system level. And we're very, very strong, and obviously in the chiller side, we're very, very strong in the air

handling or the aspect side of that. We've just introduced a cooling distribution unit, and we have partners on the cold plate side. But again, we think of it at a system level. And not all data centers are designed that way, but certainly ones that have a high heat load will be designed that way.

Chris Snyder: Appreciate that. Maybe moving over to the market a little bit, you guys on Commercial HVAC America saw really strong order inflection in the second quarter. Can you talk about what drove that as that data center gets even stronger? Is it a broadening out to some of these other 13 and 14 verticals that maybe don't get talked about as much?

Chris Kuehn: Well, we wanted to be intentional on the call to say that we had strong data center growth in the second quarter on orders. And in that vertical, you can still see lumpiness in terms of the size of the order book. To Dave's point, we look at the pipeline. We have a lot of conversations with customers as to what the future orders will be. But ultimately, what's a booking is a PO and a signed PO. But we thought it was really important to highlight that ex data centers, we saw strong growth in the rest of our 13 verticals that we track.

And as we think about investments for the service technicians that support the applied portfolio, the investments we're making to our sales associates, it's making sure we've got the coverage across all the verticals. We'll continue to win more than our I don't want to say fair share, I think our innovation leads in that space on the data center side. But the key for us is to keep looking at the opportunities in the other verticals.

We've had some quarters where we've talked about office was strong. And you look at vacancy rates, and they're still in the mid to high 20s in many cities. But there's still opportunities in that vertical to upgrade existing Class A buildings, take Class B buildings to Class A. And as more employees are coming back to the office, coming back to work, these are some of the investments that companies want to show that we've made to the space to make it more productive.

We love the healthcare and the education space. If any of you have gone to a college campus and you've toured higher ed, they talk about the space and the investments they've made to the dormitories, the space that they've made and investments to the library in a conducive learning environment. The competition for those dollars is intense and you can see the growth we've seen in higher ed is putting more dollars to those investments to make it a safe and learning environment. We love being connected to all the verticals that we track.

Dave Regnery: By the way, Chris is taking his kids to colleges.

Chris Snyder: Sounds like a lot of college tours.

Dave Regnery: But it's such an opportunity, this higher ed. I mean, I was up at MIT. I got invited, I didn't get in. But I mean, just the opportunities that exist on these campuses. Think about this. A lot of their buildings are quite -- they're older, they don't have the infrastructure. It's developing solutions to leverage the

infrastructure that is in that building, so they're not ripping down walls. And we're really clever at how we do that. Again, higher ed, just another example of a vertical that we're very, very strong in, that we've had a lot of success in.

Chris Snyder: One thing that stood out to me on Q2 was Americas' margins. If I remember correctly, it was high 30s incremental. Obviously, a lot of cost inflation out there. You guys had negative mix with resi coming down. I guess what drove that and how should we think about that going forward?

Chris Kuehn: Yeah, I think the tape going back probably 10 years ago is what does the margin differential look like when you look at the residential business versus the transport business versus the commercial HVAC business? And look, we look at all those businesses. They're going to have strong investments and they need to have leverage that's 25% or better as we go into any year. But I think that's old tape in terms of what was the margin dynamic of those businesses.

I'll give you an example. Look to the Asia segment for us. It represents about 7% of the company, but it's 90% plus commercial HVAC in terms of mix. It has the highest margins of the company. And then you look at the Americas, very strong margins as well, and you've got a mix of residential, transport, and with commercial HVAC.

But think of it as we continue to make investments in the business. When you get strong volumes, we get the nice incrementals on that from volume. Price over cost was favorable or price over inflation was favorable on a dollar and margin basis. And we just continue to make the investments each and every quarter nonstop. That's the key is don't slow that down at all.

Chris Snyder: Does it feel like these -- you guys have been on a big investment journey for 3 years, and I know it's not stopping, I don't want you to think that, but is it that these are starting to pay dividends, and there's maybe just putting more either fixed costs in the business and leveraging that more so?

Chris Kuehn: I think they've always been creating benefits. We've got a pretty rigorous process within the company as we evaluate large dollar investments that ultimately come up to Dave and myself, and an enterprise investment review board. And it not only culminates with let's have a conversation around and get approval for the investment, but let's do a look back 6 months, 12 months, 18 months in the future to make sure we got the returns on that. And we take that information back into the next round of investments to make sure we're always getting the best information out to our teams as we're thinking about sizing markets and what's the right investment to make.

Dave Regnery: And I would also look at what we're able to deliver on the top line. Because a lot of our investments are focused on channel or training of channel. It's not just hard assets to the investments. Some of it is a little on the softer side. But it's what's helping us drive the growth that we have in our company.

Chris Snyder: Appreciate that. Maybe if we could talk about commercial unitary or the light commercial market, I guess any trends to call out that you're seeing there? And

any -- could you talk about the interplay, if any, between the applied and the unitary business? Because I know they're not so black and white.

Dave Regnery:

Well, in the second quarter, we talked about applied being stronger than unitary, but both were positive. Look, the unitary was positive results in the second quarter. Is there interplay between the two? On particular jobs, for sure. When I talk about a broad portfolio of products, you need to be able to have that so that you can solve issues or systems within a hospital for example. In a hospital, you could have a Maglev chiller in the basement, and you could have a rooftop in a different part of an annex that's associated with the hospital. If you didn't have that rooftop, you'd be telling the customer to go somewhere else to get that. And we try to make it very simple for the customer.

And what we like to do is connect all the assets from a digital standpoint, so we're able to make sure that they're operating the way they should be operating. And now with BrainBox AI, we're actually able to not only operate the assets the way they were designed, but we then take that and compare it to how the building's being used. And by the way, there's a difference there, so you can drive more efficiency.

Chris Snyder:

Appreciate that. Anyone who reads my research knows that I've been a big proponent of U.S. reshoring. And a big pushback is, you can't really make things profitably in the U.S. You guys are I believe in my coverage, the biggest U.S. manufacturer. I guess, one, why is it important for you to produce in the U.S.? And 2, is it bringing competitive tailwinds as we just kind of continue to see protectionisms around the country?

Dave Regnery:

Yeah, I mean, just to put some numbers around it, we have about, I think, I don't know, up to 45 or 50 plants on a global basis. In the United States, we have 25. The United States. Not North America, the United States. We have 25. And I think we all understand there's a difference there. Look, we believe in manufacturing in the region in which we sell. And it's been our strategy for decades, and it will be going forward. What we're doing is we're encouraging our supply chain to also be our partners in the region in which we manufacture.

I was on a show not too long ago, one of the CNBC shows, and I was being asked about surcharges. This was early days with the tariffs. And this was right after if you remember, Amazon was being criticized for saying they were going to have surcharges because of tariffs. My luck is I get on this show the next day. And if you've ever been on one of these live TV shows, you basically, whatever the news of the day is, expect a question on it. Regardless of what it is, you're going to get a question on it.

This particular anchor was asking me, so what about these surcharges you talked about in your earnings release? And I was like, yeah, and I tried to get away from it. But he comes back a second time with the same question. He goes back a third time. And he finally says to me, he goes, I want to know what you're going to tell Donald Trump if he calls your cell phone right now. I kid you not, this is -- you can go watch this news guy. And you know, live TV, you've got about a second to make a decision on this.

And I looked at him and I said, President Trump, I think Trane Technologies is the model company. We're the company you're looking for. We're the company that manufactures in the region in which we sell our products. In the United States, we have 25 plants. We've created over 3,600 jobs in the last 4 years, right here in the United States. And we're encouraging our suppliers to follow us. Now, Tier 1, it's easy. Tier 2 and Tier 3, it becomes harder. And that's where the detail matters. And that's the work that our teams are doing.

So anyways, I don't advise you going on live TV having to answer those questions, but I do believe we're the model company.

And I know we get hung up on what's happening in the United States. In Europe, there's a lot of administrations there that we're very close with as well. And in Asia, the same. We're a global company, and we're not just thinking about what the rules are here. We operate on a very homogeneous but yet local level around the globe.

Chris Snyder: Appreciate that. And maybe kind of talking about some of those global markets here to wrap, Europe has been a good one for you guys. APAC has been under pressure. What do you see in those markets and what should we expect when we look out?

Dave Regnery: Yeah, Europe is -- it had been slow growth. The markets, okay, we've obviously - - if you look at our results, you'd say, well, okay, that didn't matter to you because if you look at our growth rates over an extended period of time, we've had great innovation there. We have a great team there and we've been able to take a lot of market share. Asia Pacific, not that dissimilar. We certainly have -- China's been a slow market for us. We've tightened our credit policy in China. We're now lapping that, so the comps get easier. But the rest of Asia has been very strong. India is very strong. Outside of China, we've had great results. And like I said, the comps get easier in China.

Look, we have tremendous opportunities within Trane technologies, not just here in the United States, but really on a global basis. And yes, data centers are strong, and yes, we're strong in data centers, but we're also strong in a lot of other verticals, which gives us that diversity. And we have a service business that's 1/3 of the company, that has demonstrated, demonstrated, low teens growth on a compound annual growth rate for the last 4 years. We're super excited about the future, and we see a lot of opportunities in front of us.

Chris Snyder: Well, we're up on time. Thank you, guys, so much.

Dave Regnery: All right, thank you all for coming today.

Chris Kuehn: Thank you.