# Shareholder Value Creation Framework

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# Forward-looking and Cautionary Statements / Non-GAAP Financial Information

**Johnson Controls International plc cautionary statement regarding forward-looking statements**

Johnson Controls International plc has made statements in this communication that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond its control, that could cause its actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the ability to develop or acquire new products and technologies that achieve market acceptance and meet applicable quality and regulatory requirements; the ability to manage general economic, business and capital market conditions, including the impacts of trade restrictions, recessions, economic downturns and global price inflation; the ability to manage macroeconomic and geopolitical volatility, including changes to laws or policies governing foreign trade, including tariffs, economic sanctions, foreign exchange and capital controls, import/export controls or other trade restrictions as well as any associated supply chain disruptions; the ability to execute on Johnson Controls' operating model and drive organizational improvement; the ability to innovate and adapt to emerging technologies, ideas and trends in the marketplace, including the incorporation of technologies such as artificial intelligence; fluctuations in the cost and availability of public and private financing for customers; the ability to manage disruptions caused by international conflicts, including Russia and Ukraine and the ongoing conflicts in the Middle East; the' ability to successfully execute and complete portfolio simplification actions, as well as the possibility that the expected benefits of such actions will not be realized or will not be realized within the expected time frame; managing the risks and impacts of potential and actual security breaches, cyberattacks, privacy breaches or data breaches, maintaining and improving the capacity, reliability and security of Johnson Controls' enterprise information technology infrastructure; the ability to manage the lifecycle cybersecurity risk in the development, deployment and operation of Johnson Controls' digital platforms and services; fluctuations in currency exchange rates; the ability to hire and retain senior management and other key personnel; changes or uncertainty in laws, regulations, rates, policies, or interpretations that impact business operations or tax status; the ability to adapt to global climate change, climate change regulation and successfully meet Johnson Controls' public sustainability commitments; the outcome of litigation and governmental proceedings; the risk of infringement or expiration of intellectual property rights; the ability to manage disruptions caused by catastrophic or geopolitical events, such as natural disasters, armed conflict, political change, climate change, pandemics and outbreaks of contagious diseases and other adverse public health developments; any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions; the tax treatment of recent portfolio transactions; significant transaction costs and/or unknown liabilities associated with such transactions; labor shortages, work stoppages, union negotiations, labor disputes and other matters associated with the labor force; and the cancellation of or changes to commercial arrangements. A detailed discussion of risks related to Johnson Controls business is included in the section entitled "Risk Factors" in Johnson Controls Annual Report on Form 10-K for the fiscal year filed with the SEC, which is available at www.sec.gov and www.johnsoncontrols.com under the "Investors" tab, and such factors may be updated from time to time in Johnson Controls filings with the SEC, which are or will be accessible on the SEC's website at www.sec.gov. Shareholders, potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

**Non-GAAP financial information**

This presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include restructuring and impairment costs, net mark-to-market adjustments, certain transaction / separation costs, water systems AFFF settlement charges and AFFF insurance recoveries, transformation costs, gain on divestiture, and discrete tax items. Financial information regarding organic revenue growth, operating leverage and adjusted free cash flow conversion are also non-GAAP performance measures. Management believes that, when considered together with unadjusted amounts, these non-GAAP measures are useful to investors in understanding period-over-period operating results and business trends of Johnson Controls. Management may also use these metrics as guides in forecasting, budgeting and long-term planning processes and for compensation purposes. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. For further information on the calculation of the non-GAAP measures, refer to the appendix of this presentation.

The Company is unable to present a quantitative reconciliation of forward-looking non-GAAP financial measures to its 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 the Company's long-term GAAP financial results.

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# Our Compounding Value Creation Engine

## Unparalleled, Differentiated Technology Innovation

- Precision, technology, and scale built to deliver in high-performance environments within tight tolerances
- Owned innovation at the subsystem level is a differentiator
- Solutions that deliver better outcomes for customers

## Comprehensive Global Field Presence & Stronger Manufacturing Footprint

- Unleash the full capability of the frontline at Gemba
- Manufacturing capabilities turn innovation into scalable output
- Value creation through problem solving at the source
- Global, deep, experienced field workforce

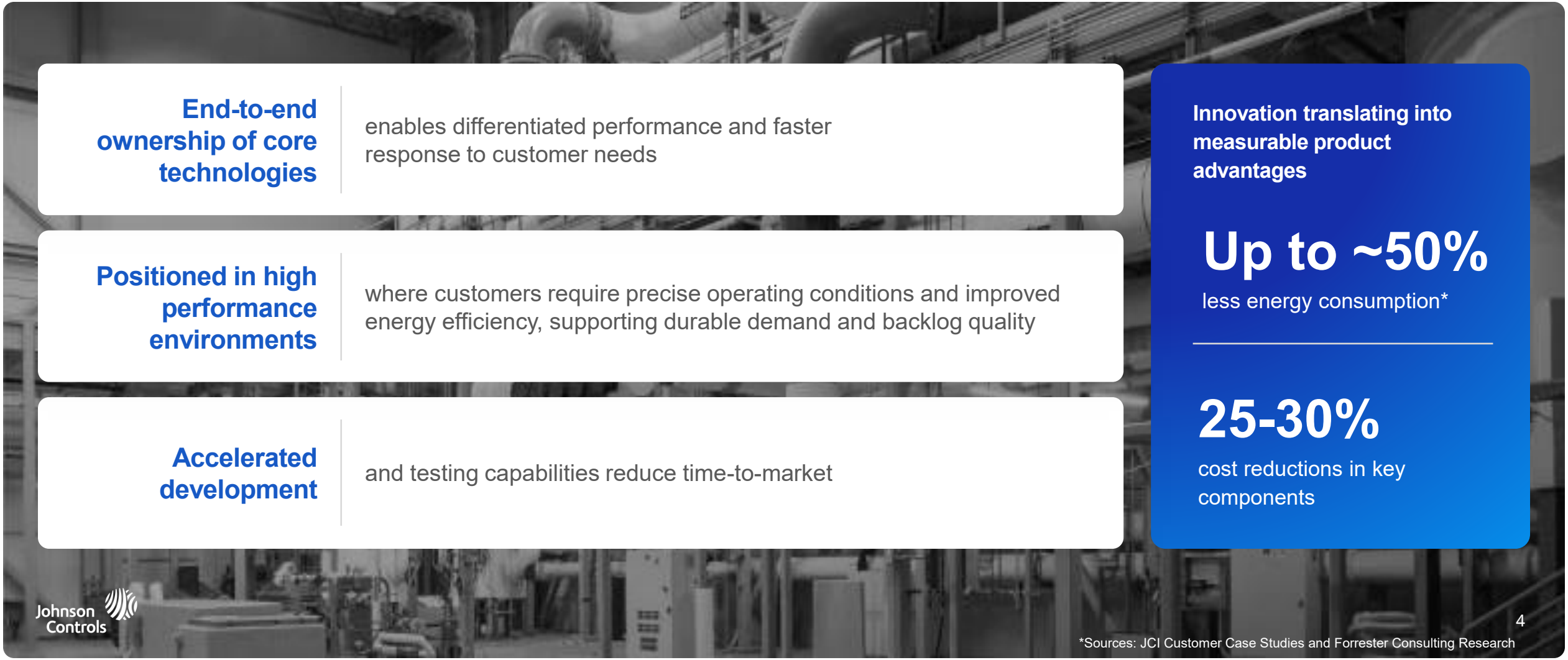
## Powerful, Disciplined Business System

- Winning business system positioned to turn disciplined and customer-centric culture into results
- Build on the right practices in place, successful learning and deliberate pursuit of scale
- Continuous improvement embedded in daily operations

# Unparalleled, Differentiated Technology Innovation

Compelling, tangible results at **JADEC**

Johnson Controls Advanced Development Engineering Center



**End-to-end ownership of core technologies** — enables differentiated performance and faster response to customer needs

**Positioned in high performance environments** — where customers require precise operating conditions and improved energy efficiency, supporting durable demand and backlog quality

**Accelerated development** — and testing capabilities reduce time-to-market

**Innovation translating into measurable product advantages**

**Up to ~50%**
less energy consumption*

**25-30%**
cost reductions in key components

*Sources: JCI Customer Case Studies and Forrester Consulting Research

# Stronger Manufacturing Footprint

**Compelling, tangible results at ACE**
Airside Center of Excellence



**Footprint rationalization & "empty space" creation**
enabling growth with minimal incremental CapEx

**Integrated supply chain, planning, & visual management**
driving predictable output and efficiency

**Production capacity increased significantly with additional footprint and with inventory cost savings**

**>4x**
Increased capacity of Computer Room Air Handler line

**100%**
on-time delivery, improved from ~43%

**50%**
reduction in inventory and work-in-progress

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# Powerful, Disciplined Business System Supporting Our Comprehensive Global Field Presence

## Local Team Execution at BALTIMORE

Local Market Office

Sales productivity improvements driving higher win rates and revenue capacity

**2x**

**increase in customer-facing time**

Engineering and project execution improvements reducing field execution cycle times

**70%**

**reduction in time to engineer projects**

Service and operations improvements driving cost reduction, technician productivity, & margin expansion

**30%**

**reduction in non-value-added time sourcing parts**

**Lifecycle service attach rates increased, supporting recurring revenue and strong customer retention**



# Service Opportunity for a Global Franchise Driving Growth Rate

Large installed base and global field force position us to take advantage of service opportunities, maintaining long-term customer relationships and improved life-time value from sales

## A Differentiated Service Business Today …

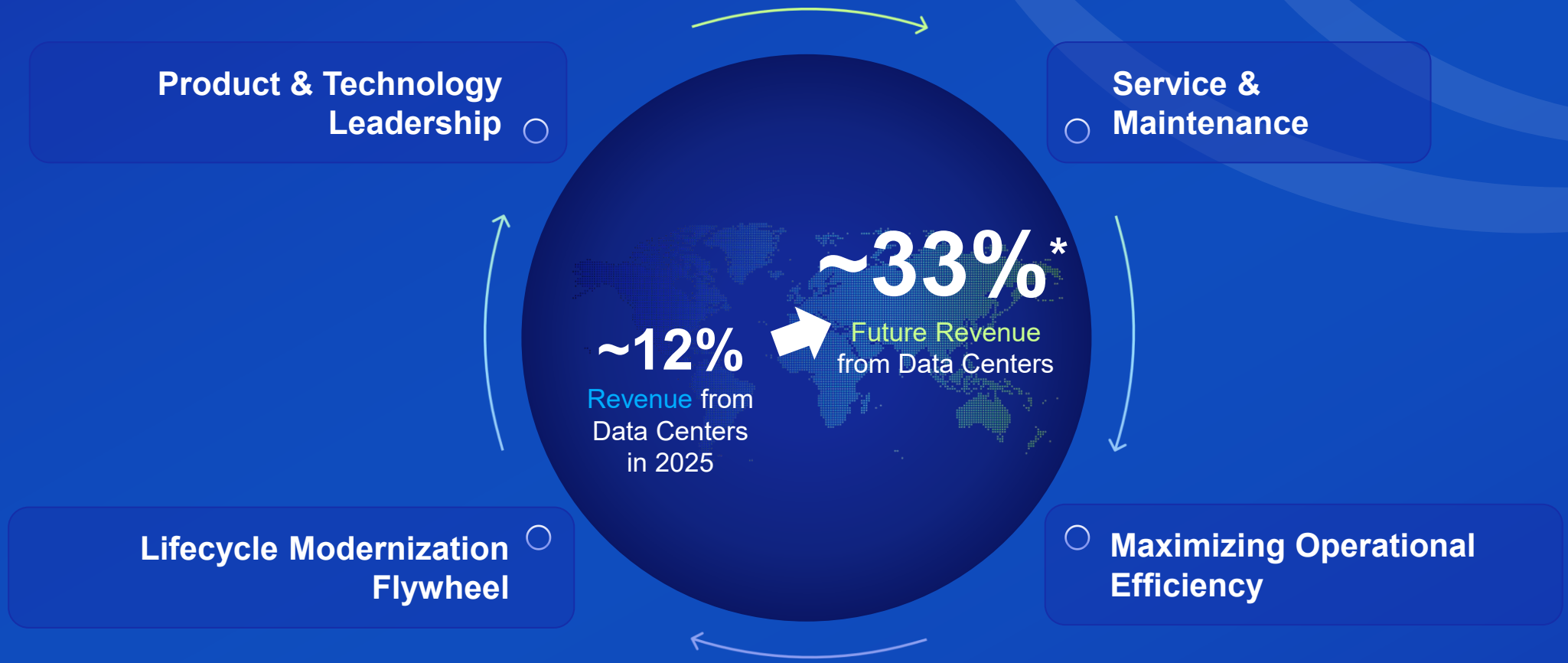
- **Largest Field Force Among Peers**
- **Differentiated Service Offerings**
- **Business System Driving Improvement**

## … With Opportunity for Compounded Growth Into the Future

- **Productization of Services** using data to deliver better customer outcomes
- **Scaling Standardization of Work** to create repeatable processes
- **Recurring Services Revenue** delivered throughout customer lifestyle

**OPPORTUNITY TO REACH HIGH-SINGLE-DIGIT PLUS GROWTH IN SERVICES REVENUE**

# Solutions That Deliver Value Across the Data Center Customer Lifecycle

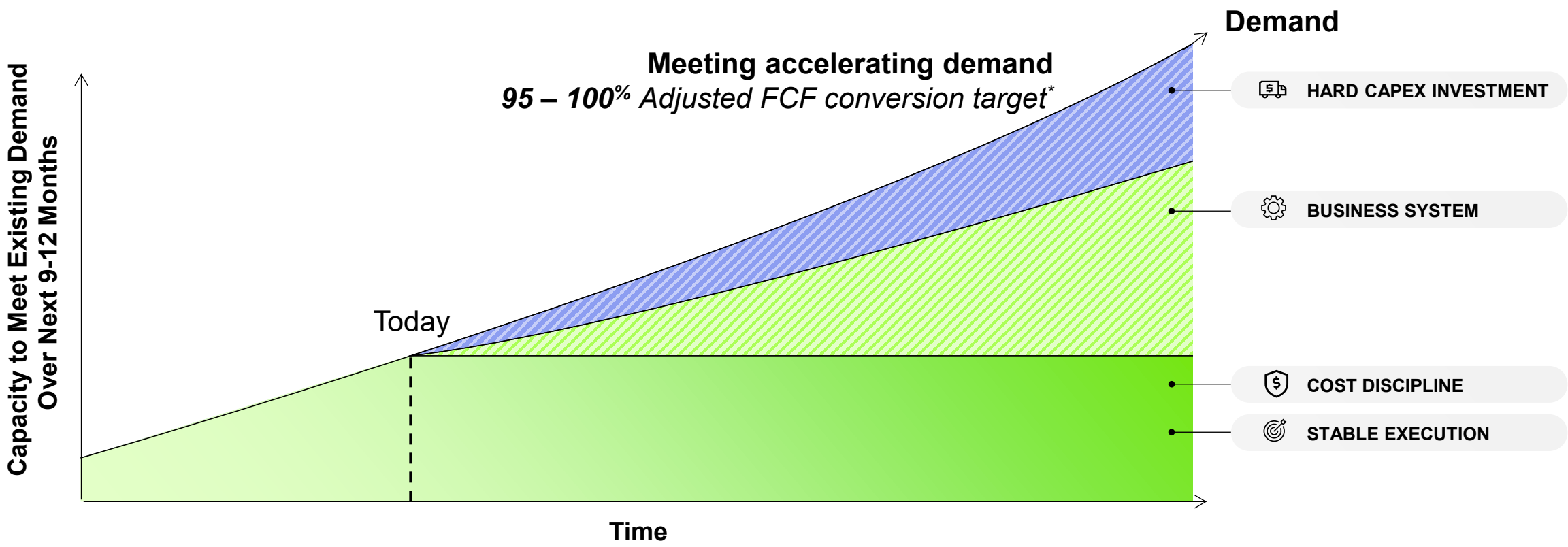



**DATA CENTERS MOVE THROUGH THE BUILDING LIFECYCLE ~60% FASTER THAN TRADITIONAL BUILDINGS[1]**

*Estimate based on JCI internal analysis and customer engagement data
[1]Sources: Company estimates based on JCI customer data and external third-party research

# Capital-Efficient Scaling

Driving efficiencies through proprietary business system and investment in facilities around the world, meeting increasing demand with existing resources and preparing to scale with new investments




*Adjusted Free Cash Flow conversion is a non-GAAP measure and exclude special items. See footnotes for additional details.

# Disciplined Capital Allocation Driving Long-Term Shareholder Value

| Invest in Innovation | Enable Field Execution & Service Revenue | Drive Capital Efficiency | Return Capital & Maintain Financial Discipline |
|---|---|---|---|
| Prioritize investment in proprietary technologies that provide differentiated competitive advantage and can be sustained over time | Invest in talent, tools and systems to improve productivity, expand lifecycle services, and strengthen customer relationships | Unlock capacity from existing footprint through manufacturing and operational investments, and add capacity through footprint expansion | Maintain strong balance sheet, disciplined leverage, and return capital to shareholders while investing for growth – including targeted M&A |

# A Portfolio Positioned to Deliver

## Clear Path to **High-Single-Digit** Organic Growth

| | | | | |
|---|---|---|---|---|
| **Growth by Vertical** | **DATA CENTER** Double-Digit | **MISSION CRITICAL** HSD – LDD | **DECARBONIZATION** HSD | **REST OF PORTFOLIO** LSD |
| **Growth by Domain** | **HVAC GROWTH** HSD – LDD | **CONTROLS GROWTH** MSD – HSD | **FIRE GROWTH** MSD | **SECURITY GROWTH** LSD – MSD |

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# Updated Long-Term Growth Algorithm

## VALUE CREATION FRAMEWORK

### Organic Growth

Accelerate innovation and strengthen commercial and service execution

### Operational Improvement

Drive margin expansion and productivity supported by the business system

### Portfolio Management

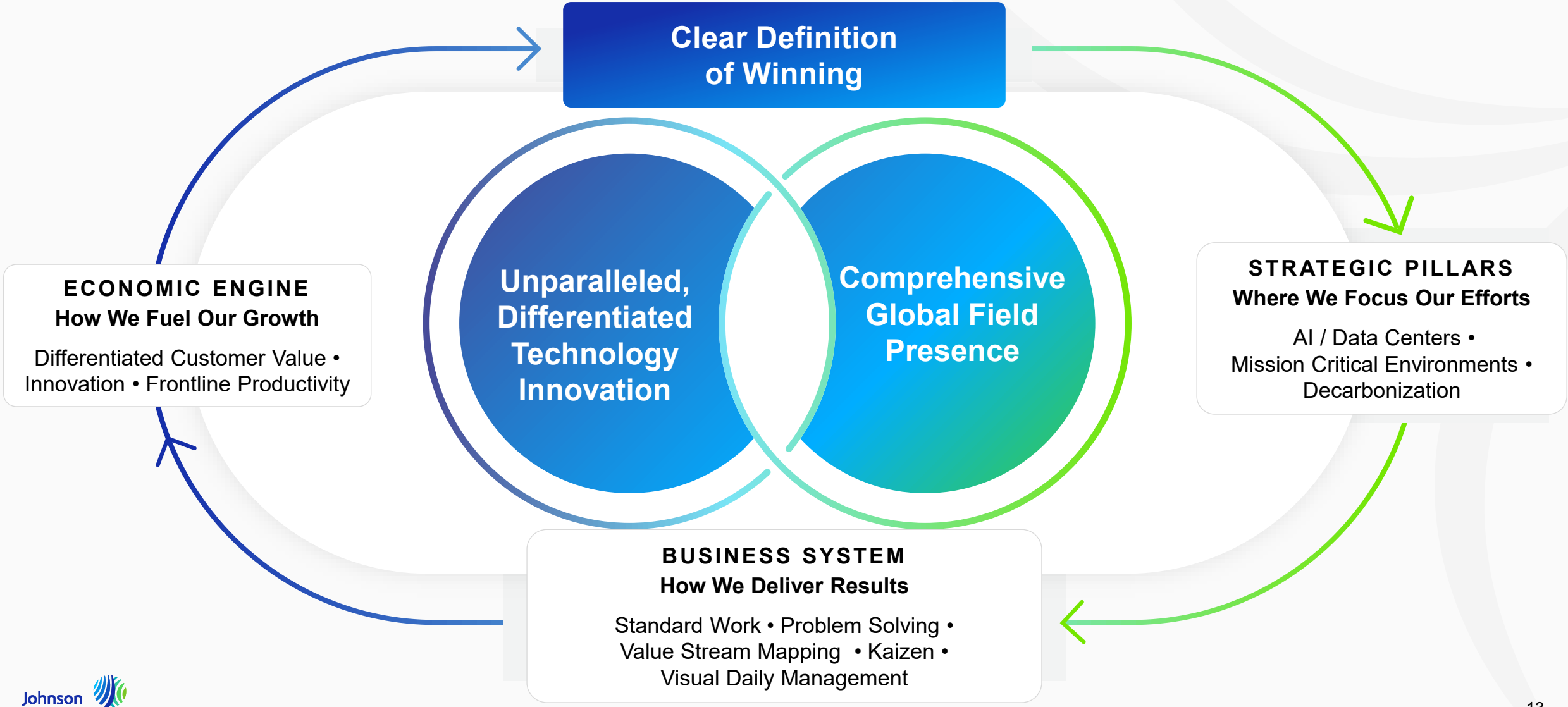
Invest in growth technologies, optimize the portfolio, and allocate capital with discipline

**LONG-TERM GROWTH ALGORITHM**

| High-Single-Digit | 30+% | Double-Digit | 95 to 100% |
|---|---|---|---|
| Organic Revenue Growth % | Operating Leverage | Adjusted EPS Growth | Adjusted Free Cash Flow Conversion |

*Organic Sales Growth, Operating Leverage, Adjusted EPS, and Adjusted Free Cash Flow conversion are non-GAAP measures and exclude special items. See footnotes for additional details.

# Johnson Controls Has the Technology, the Field Presence, and Now the Business System to Unlock Their Full Potential



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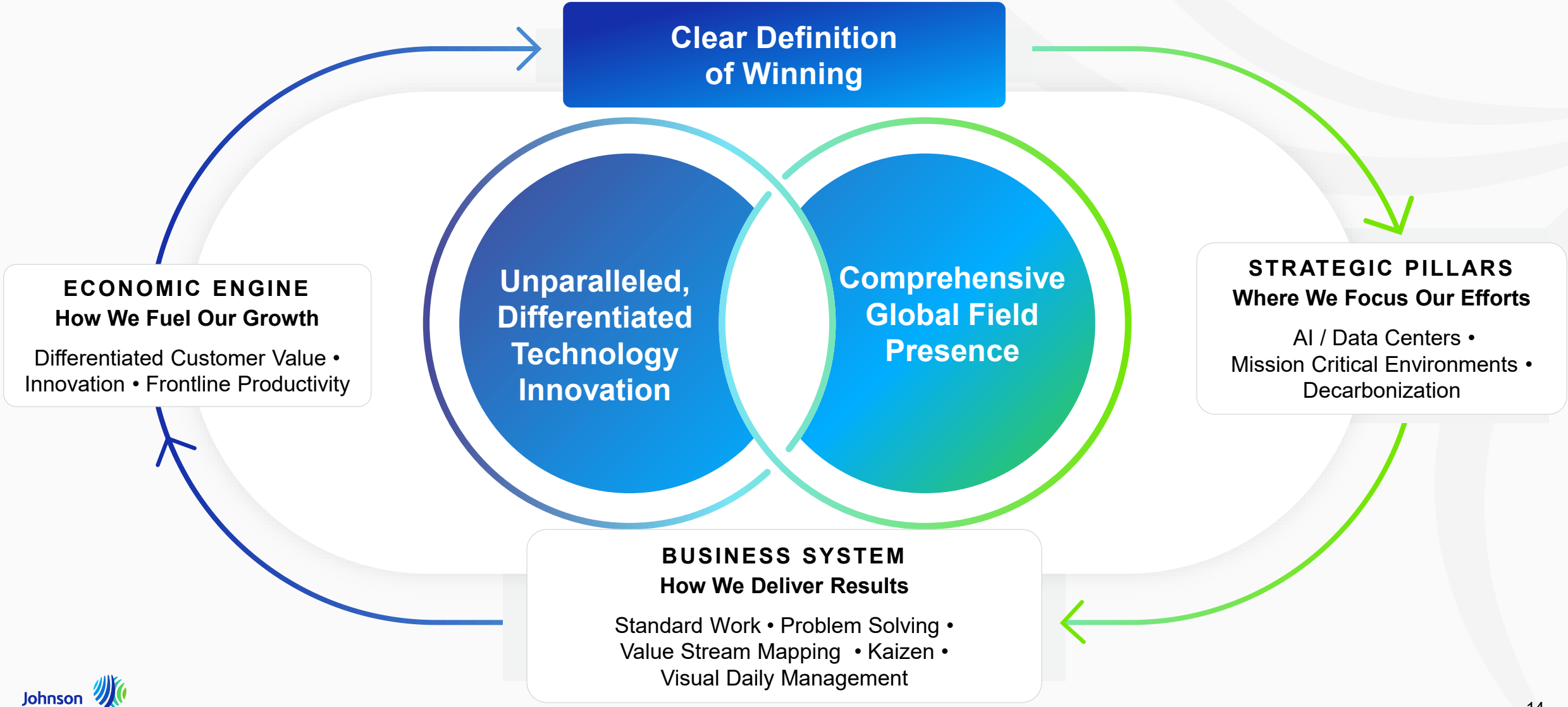


GOING TO
GEMBA

# APPENDIX

# Non-GAAP Financial Information Definitions

**Organic Revenue** - Organic sales growth excludes the impact of acquisitions, divestitures and foreign currency. Management believes organic sales growth is useful to investors in understanding period-over-period sales results and trends.

**Operating Leverage** - Operating leverage is defined as the ratio of the change in adjusted EBIT for the period, divided by the corresponding change in net revenues. Management believes operating leverage is a useful metric to reflect enterprise value creation, capturing the impact of scale and cost discipline across the organization.

**Adjusted Earnings Per Share** – Adjusted earnings per share is a non-GAAP measure of diluted earnings per share that excludes certain non-recurring and non-operational activity for the purposes of comparability. The determination of the excluded amounts is a matter of management judgment and depends upon the nature and variability of the underlying expense or income amounts and other factors.

**Free Cash Flow** - Management believes free cash flow and adjusted free cash flow measures are useful to investors in understanding the strength of the Company and its ability to generate cash. These non-GAAP measures can also be used to evaluate the Company's ability to generate cash flow from operations and the impact that this cash flow has on its liquidity. Adjusted free cash flow and adjusted free cash flow conversion are non-GAAP measures which exclude the impacts of the following:

- JC Capital cash flows, primarily associated with finance/notes receivables and inventory and/or capital expenditures related to lease arrangements.
- JC Capital net income, primarily related to interest income on the finance/notes receivable and profit recognized on arrangements with sales-type lease components.
- Cash payments related to the water systems AFFF settlement and cash receipts for AFFF-related insurance recoveries.
- Prepayment of royalty fees associated with certain IP licensed to divested businesses
- Discrete tax payments, including non-recurring tax settlements for certain non-US jurisdictions

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