



Acquisition of Silent-Aire

April 9, 2021

The power behind **your mission**



Forward Looking & 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 regarding the acquisition of Silent-Aire 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 this communication, statements regarding Johnson Controls’ future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures and debt levels are forward-looking statements. Words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “forecast,” “project” or “plan” and terms of similar meaning are also generally intended to identify forward-looking statements. 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 Johnson Controls’ control, that could cause the expected impact of the acquisition of Silent-Aire to differ materially from those expressed or implied by such forward-looking statements, include, among others, risks related to the ability to realize the anticipated benefits of the acquisition, including the possibility that expected synergies will not be realized or will not be realized within the expected time frame; delays in the successful integration of Silent-Aire; unfavorable reaction to the acquisition by customers, competitors, suppliers and employees, disruption from the transaction making it more difficult to maintain business and operational relationships; significant transaction costs; and unknown liabilities.

Other factors that could cause Johnson Controls’ actual results to differ materially from those expressed include, among others risks related to: Johnson Controls’ ability to manage general economic, business, capital market and geopolitical conditions, including the impacts of natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as the COVID-19 pandemic; the strength of the U.S. or other economies; changes or uncertainty in laws, regulations, rates, policies or interpretations that impact Johnson Controls’ business operations or tax status; the ability to develop or acquire new products and technologies that achieve market acceptance; changes to laws or policies governing foreign trade, including increased tariffs or trade restrictions; maintaining the capacity, reliability and security of Johnson Controls’ enterprise and product information technology infrastructure; the risk of infringement or expiration of intellectual property rights; any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions such as its merger with Tyco and the disposition of the Power Solutions business; the outcome of litigation and governmental proceedings; the ability to hire and retain key senior management; the tax treatment of recent portfolio transactions; significant transaction costs and/or unknown liabilities associated with such transactions; the availability of raw materials and component products; fluctuations in currency exchange rates; work stoppages, union negotiations, labor disputes and other matters associated with the labor force; 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 2020 fiscal year filed with the SEC on November 16, 2020, which is available at www.sec.gov and www.johnsoncontrols.com under the “Investors” tab. 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

The Company’s presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include transaction costs, integration costs and deal amortization. Management may use this metric as a guide in forecasting, budgeting and long-term planning processes and for compensation purposes. This metric should be considered in addition to, and not as replacements for, the most comparable GAAP measure.

Highly Strategic Acquisition in an Attractive Growth Market

Transaction Summary

- Total purchase price up to \$870M, including 3-year earnout based on annual growth and margin projections, with an upfront payment of ~\$630M
 - Total transaction value equates to low-double digit multiple (LTM EV/EBITDA)
 - Upfront payment (excluding earnout) equates to high-single digit multiple (LTM EV/EBITDA)
 - All-cash transaction
- Expected to close late FQ3, subject to regulatory approvals and other customary closing conditions
- Expected to be immediately accretive; adds \$0.07 to \$0.09 in adjusted EPS in FY22

Strategic Rationale

- Establishes leadership position in hyperscale data center technology
- Expands portfolio of cooling solutions, complementing existing HVAC portfolio
 - Mature Direct Evaporative Cooling (DEC) / Computer Room Air Handling (CRAH) product offering
 - Strengthens relationships with key data center players (i.e., hyperscale/cloud)
- Modular Data Center offering provides on-demand, flexible capacity additions
- Opportunity to expand Silent-Aire's geographic reach in key regions (e.g. Asia-Pacific, Europe)
- Opportunity to leverage JCI's Service & OpenBlue digital capabilities with Silent-Aire

Attractive Global Growth Market

- Strategic focus on high-growth hyperscale/cloud and colocation data center market
- DEC technology expected to remain the preferred cooling technology for hyperscale customers
- Data center customers requiring more sustainable, energy efficient cooling options
- Modular Data Centers and Equipment Room solutions well positioned to benefit from the shift to the "edge" trend in data centers

Company Overview

PROFILE

Headquarters:
Edmonton, Alberta

Founded:
1994

Employees:
~3,000

FY 2021E (May) Sales:
~\$650M | 5yr CAGR: 40%

Locations:
4 Sales/Service | 13 Manufacturing (>1M sq ft)
Canada, US & Europe

Description:

Technology-driven company that designs, engineers, and manufactures hyperscale cooling and modular data center solutions

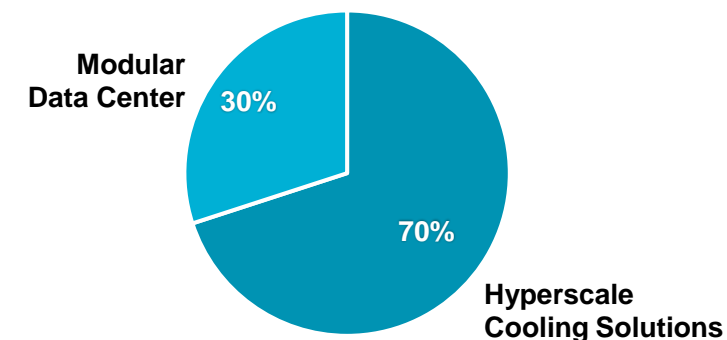
Key Products/Solutions:

Direct Evaporative Cooling Units (DECs), Computer Room Air Handlers (CRAHUs), Modular Data Centers (MDCs), Modular Equipment Rooms (MERs)

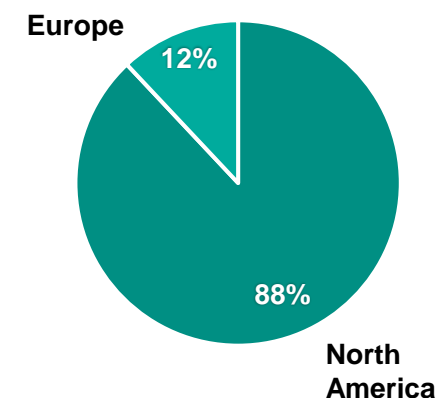


SALES MIX

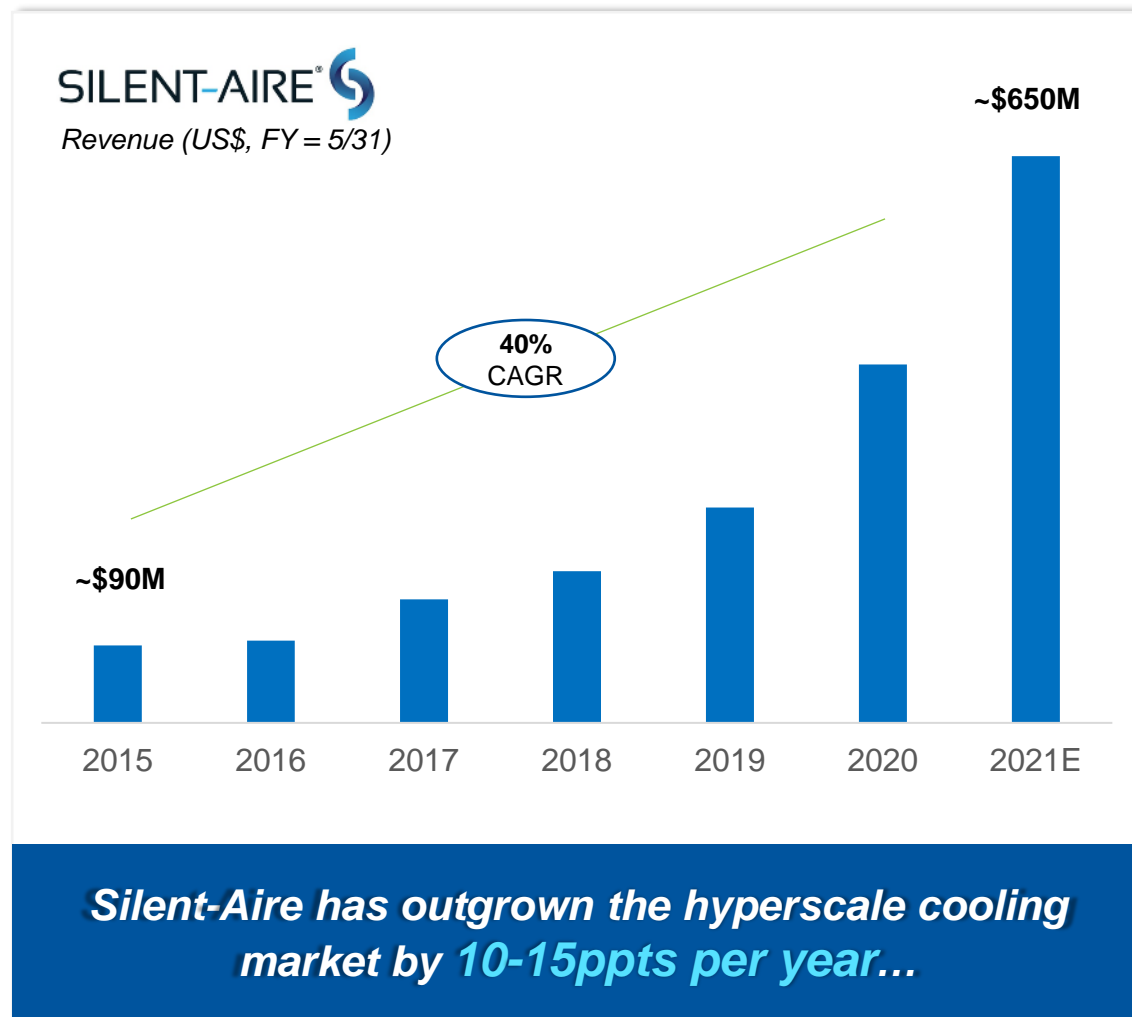
By Platform



By Geography



Market Leader in Hyperscale Data Center Cooling Solutions



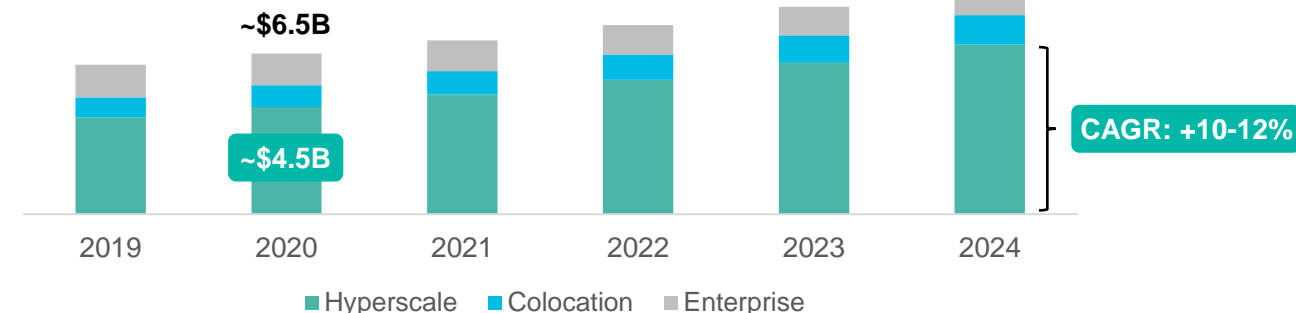
Silent-Aire's Competitive Advantages:

- 1) Advantaged AHU / DEC products and execution**
 - Optimized, flexible manufacturing capacity
 - Agile innovation; technology roadmap leadership
- 2) Data center vertical privilege of focus**
- 3) Customer centric, execution orientated business model**
 - Direct sales approach, SME engagement at all levels
 - Strong & authentic culture laser focused on customer satisfaction
 - “On-time” and “high-performance” mentality – business continuity is imperative
 - Deeply entrenched relationships with key customers
- 4) Hyperscale customers demand reliability, resilience and flexibility from their OE**
 - Strong reputation for delivering on quality and safety
- 5) High value-add Modular Data Centers product offering**
 - Rapidly deployable, turn-key modular solutions

Attractive Market Opportunity: Hyperscale Data Centers

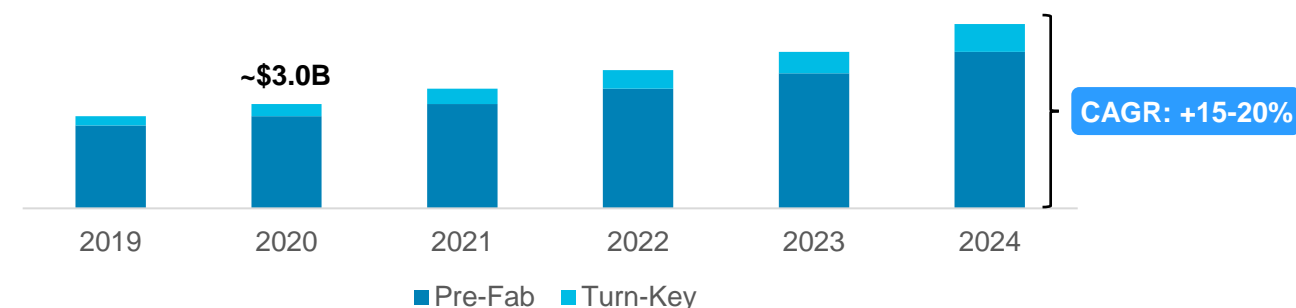
Data Center Cooling Solutions: ~\$6-7B TAM

(by DC subsegment)



Modular Data Centers: ~\$3B TAM

(by type)



Top 5 “Hyperscalers”



- **Top-5 account for >75% of total hyperscale capex** (~\$100B annual spend)
- Demand for data continues to increase at a high-rate...increasing the capacity needs and workload of servers
 - Server rack power density expected to double by 2023 – **requires increased cooling capacity & server level controls**
- **Hyperscale Cooling Solutions CAGR +10-12%**
 - Hyperscalers prefer innovative DEC cooling technology – **more attractive sustainability and total cost-of-ownership profile**
 - **EMEA & APAC expected to grow ~15-20% p.a.**
- **Modular Data Centers CAGR +15-20%**
 - Edge computing growth
 - Shift to pre-fabricated modular construction methods and turn-key solutions

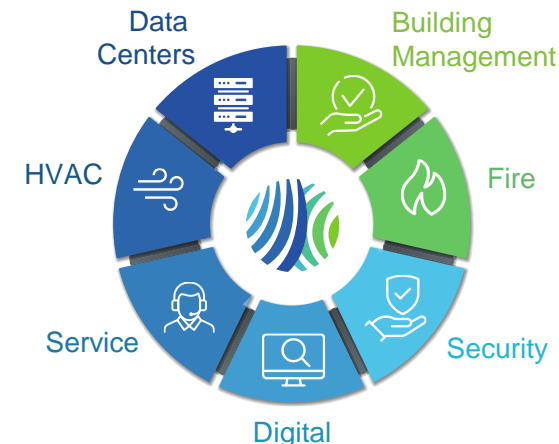
With Silent-Aire, Johnson Controls Advances Leadership Position in Hyperscale Data Centers



- ✓ Leading DEC / AHU technology roadmap
- ✓ Modular DC expertise – Integrated Data Centers (MDCs) and Equipment Rooms (MERs)
- ✓ World-class project execution capabilities
- ✓ Flexible manufacturing and pre-integration
- ✓ Data Center focus & culture
- ✓ Trusted, long term customers relationships



- ✓ Global manufacturing scale & capability
- ✓ Global service network
- ✓ Cross-domain expertise
 - York Mission Critical Applied Chiller technology (YVFA, YVAM)
 - York AHUs/CRAHUs/RTUs
 - Air Distribution products
 - OpenBlue Digital Suite
 - Metasys building controls / BAS
 - Fire Detection & Suppression



1

Sustainability & Reliability

Broader portfolio of sustainable & reliable data center solutions

2

Expand Globally

Leverage JCI's scale in EMEA & APAC to expand Silent-Aire's production and customer relationships

3

Data Center Platform

Holistic, integrated solutions that drive hyperscale and edge data center technology roadmaps

4

Service

Leverage JCI's global service footprint to increase service attachment in hyperscale data centers

Combination Creates Industry Leading Hyperscale Solutions Platform with \$2B+ Future Revenue Opportunity

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