

SAFER SMARTER BUILDINGS

Backed by more than 80 of the world's most respected brands, UTC Climate, Controls & Security is at the forefront of developing digital products that can be connected to provide safety, comfort, convenience and greater productivity for a building's occupants. At the same time, it builds on a legacy of innovation, continuing to deliver products that are energy efficient, environmentally responsible and cost competitive.



**UTC CLIMATE,
CONTROLS &
SECURITY**

**56,475
EMPLOYEES**

**\$16.9B
NET SALES**

**\$3.1B*
ADJUSTED
OPERATING PROFIT**

UTC Climate, Controls & Security promotes safer and smarter sustainable buildings with state-of-the-art fire safety, security, building automation, heating, ventilating, air-conditioning and refrigeration systems and services.

UTC Climate, Controls & Security continues to build momentum for long-term growth in an increasingly urban and connected world. It is backed by a portfolio of more than 80 leading brands, a strong global presence and a commitment to operational excellence. Innovation is a key differentiator. This business consistently invests to deliver state-of-the-art products and to enhance the performance of existing lines.

The company's commitment to research and development can be seen in the 132 new products launched in 2016. Among them was Carrier's new AquaEdge 19DV centrifugal chiller that offers excellent performance and leading efficiency with a next-generation, environmentally sustainable refrigerant. Carrier introduced the Côr home automation system, which enables homeowners to secure, control and remotely manage their homes' most critical systems from a mobile app. Onity delivered its digital DirectKey mobile access solution, providing hotel guests a secure way to use their smartphone as a room key and access other controlled areas.

The company broke ground in transport refrigeration when U.K. food retailer Sainsbury's became the first customer to take delivery of Carrier Transicold's prototype natural refrigerant trailer unit. The new-generation system uses low global warming potential carbon dioxide refrigerant, a safe and non-ozone depleting gas that sets the

standard for refrigerants and supports advances toward a smart, sustainable cold chain.

Research and development investment remains a priority. The new Hyderabad Research & Design Center in India opened and is expected to become the largest center supporting R&D for UTC Climate, Controls & Security. The Center of Excellence in Culoz, France, also opened. The facility focuses on innovations that improve air quality and treatment, shorten new product development, and improve energy performance and user comfort. Along with Otis, UTC Climate, Controls & Security also announced plans to establish a research center of excellence with the University of Maryland.

UTC Climate, Controls & Security continues to expand its global presence. As one example, the acquisition of approximately 70 percent of Riello Group, S.p.A., a leading Italian heating company, has opened key segments in Europe and elsewhere.

In all of its work, UTC Climate, Controls & Security remains a leader in the green building movement. During the year it broke ground on the UTC Center for Intelligent Buildings, a state-of-the-art showcase designed to provide visitors a new way to interact with current and emerging building technologies. The center, scheduled for completion in 2017 and targeted to be LEED certified, will be located in Palm Beach Gardens, Fla.

*Adjusted operating profit is a non-GAAP financial measure. For additional information regarding the use of this measure, the corresponding amount prepared in accordance with generally accepted accounting principles (GAAP) and a reconciliation of the differences between the non-GAAP and GAAP measure, please refer to page 71 in this Annual Report.