Trane Technologies (TT)

Updated February 17th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$470	**5 Year Annual Expected Total Return:**	6.6%	**Market Cap:**	$103 B
Fair Value Price:	$384	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	03/06/26
% Fair Value:	123%	**5 Year Valuation Multiple Estimate:**	-4.0%	**Dividend Payment Date:**	03/31/26
Dividend Yield:	0.9%	**5 Year Price Target**	$618	**Years Of Dividend Growth:**	6
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

On February 29th, 2020, Ingersoll-Rand merged its industrial segment with Gardner Denver Holdings (GDI) and spun-off this segment to shareholders. Gardner Denver took the Ingersoll-Rand name and ticker, along with the Ingersoll-Rand and Club Car brands. The remaining Climate portion of the business (roughly ~80% of the prior company) was renamed Trane Technologies (TT) and began trading on March 2nd, 2020. Trane Technologies is a pure-play climate innovator. Via its leading Trane and Thermo King brands, the $103 billion market cap company provides products and services to bring efficient and sustainable climate solutions to buildings, homes, and transportation.

On January 29th, 2026, Trane Technologies posted its Q4 and full-year 2025 results for the period ending December 31st, 2025. For the quarter, Trane reported $5.8 billion in bookings, up 24% compared to last year, with organic bookings up 22%, while revenue totaled $5.1 billion, a year-over-year increase of 6% (4% organic). The company ended the year with a record backlog of $7.8 billion, up 15% versus year-end 2024, providing strong visibility entering 2026.

The Americas segment, which remains the company's largest business, posted bookings growth of 27% (26% organic) and revenue growth of 6% (5% organic). Bookings strength was led by Americas Commercial HVAC, up more than 35%, with applied equipment bookings up more than 120% and applied book-to-bill at 200%. Americas Commercial HVAC backlog increased 25% versus year-end 2024. Adjusted operating margin for the segment was 17.2%, down 40 basis points year-over-year, as volume growth and productivity were partially offset by mix and continued reinvestment.

Adjusted EPS came in at $2.86, up 10% year-over-year, while GAAP EPS equaled $2.74. For the full year, adjusted continuing EPS was $13.06, up 16%, on reported revenue growth of 7% (6% organic). Free cash flow totaled $2.9 billion, representing 98% conversion of adjusted net earnings. Management introduced full-year 2026 guidance, calling for reported revenue growth of 8.5% to 9.5% and adjusted EPS in the range of $14.65 to $14.85. We have applied the midpoint of this range in our estimates.

On February 4th, Trane Technologies raised its dividend by 12% to a quarterly rate of $1.05.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$4.13	$4.52	$5.61	$6.37	$4.46	$6.09	$7.36	$9.04	$11.22	$13.06	***$14.75***	***$23.76***
DPS	$1.36	$1.70	$1.96	$2.12	$2.12	$2.36	$2.68	$3.00	$3.36	$3.76	***$4.20***	***$6.76***
Shares[1]	259.0	249.0	242.0	244.0	243.0	242.0	234.9	230.7	228.4	224.9	***224.9***	***200.0***

Note that the historical numbers above show the previously combined Ingersoll-Rand business through 2019. From 2020 onward, the numbers reflect the independent Trane Technologies.

From 2008 through 2019, Ingersoll-Rand grew earnings-per-share by a compound rate of 8.2% per annum. This is a reasonable historical barometer as it incorporates a full business cycle (the company generates solid profits, but it is susceptible to economic cyclicality).

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Moving forward, Trane Technologies has a healthy growth outlook over the long-term due to the continued expansion of the global economy, as well as a strong North American housing market. Another long-term growth catalyst is technology and innovation designed to solve climate-related issues.

Management's guidance implies another solid adjusted earnings-per-share increase for 2026. We are forecasting 10% annual growth over the intermediate term, expecting Trane's rock-solid backlog to keep powering its results.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.6	19.0	16.6	17.8	23.7	30.8	21.0	20.1	26.4	31.0	***31.9***	***26.0***
Avg. Yld.	2.1%	2.0%	2.1%	1.9%	2.3%	1.3%	1.7%	1.7%	1.1%	0.9%	***0.9%***	***1.1%***

Over the past decade, shares of Ingersoll-Rand traded hands with an average P/E ratio of about 22 times earnings. We are using a modestly higher fair valuation multiple for Trane Technologies, weighing the recent solid results and robust growth prospects. Still, trading at nearly 32 times management's adjusted EPS estimate, the stock appears overpriced. This could lead to valuation headwinds ahead. Meanwhile, the dividend – which dates back to 1910 - has room to grow.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	33%	38%	35%	33%	48%	39%	36%	33%	30%	29%	***28%***	***28%***

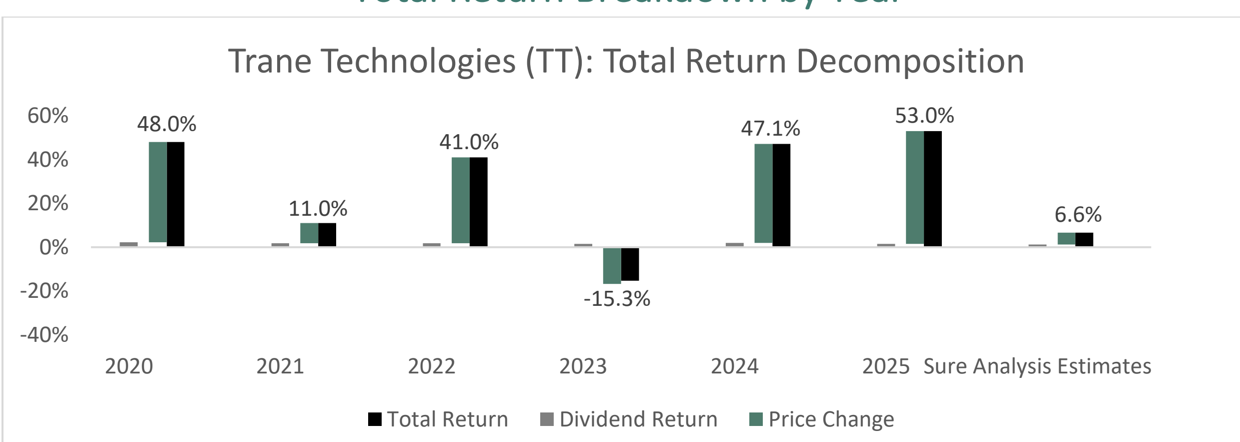
Trane Technologies' competitive advantages are its strong brands and investments in product innovation. During the Great Recession Ingersoll-Rand reported earnings-per-share of $2.69, $1.41, $2.23, and $2.82 for the 2008 through 2011 stretch. Additionally, the dividend was reduced from $0.50 in 2009 down to $0.28 in 2010. We expect Trane Technologies to perform similarly. While the bounce back performance is admirable, the company is still sensitive to economic downturns.

At the end of the most recent quarter, Trane Technologies held $1.76 billion in cash and cash equivalents, $7.86 billion in current assets, and $21.42 billion in total assets, set against $6.29 billion in current liabilities and $12.82 billion in total liabilities. Long-term debt stood at approximately $3.92 billion.

Final Thoughts & Recommendation

Trane Technologies had an excellent 2025, and is set to start 2026 on a high note as well. However, we remain mindful of the possibility of a valuation compression, which could hinder total returns over the medium-term. Based on our growth estimates of 10%, the starting yield of 0.9%, and the possibility of a valuation headwind, we expect a total annual return potential of 6.6% through 2031. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	13,301	13,509	4,198	5,668	16,599	12,450	14,140	15,990	17,680	19,840
Gross Profit	4,023	4,201	4,386	4,821	5,147	3,803	4,470	4,965	5,857	7,080
Gross Margin	30.2%	31.1%	31%	30.8%	31.0%	30.5%	31.6%	31.1%	33.1%	35.7%
SG&A Exp.	2,532	2,598	2,721	2,903	3,130	2,271	2,446	2,546	2,963	3,580
D&A Exp.	364	352	353	362	397	294	299	324	348	379
Operating Profit	1,492	1,603	,665	1,917	2,018	1,533	2,023	2,419	2,894	3,500
Op. Margin	11.2%	11.9%	12%	12.2%	12.2%	12.3%	14.3%	15.1%	16.4%	17.6%
Net Profit	665	1,476	1,303	1,338	1,411	855	1,423	1,756	2,024	2,568
Net Margin	5.0%	10.9%	9.2%	8.5%	8.5%	6.9%	10.1%	11.0%	11.4%	12.9%
Free Cash Flow	639	1,339	1,302	1,042	1,665	1,289	1,365	1,212	2,089	2,775
Income Tax	541	282	80	281	354	297	334	376	498	628

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	16718	17397	18173	17915	20,492	18,160	18,060	18,080	19,390	20,150
Cash & Equivalents	737	1715	1549	903	1,304	3,290	2,159	1,220	1,095	1,590
Acc. Receivable	2151	2223	2477	2679	2,798	2,202	2,429	2,780	2,957	3,090
Inventories	1411	1386	1555	1678	1,712	1,189	1,531	1,994	2,152	1,972
Goodwill & Int.	9656	9444	9679	9594	10,932	8,629	8,810	8,768	9,535	9,436
Total Liabilities	10838	10679	10966	10850	13,180	11,730	11,790	11,980	12,370	12,660
Accounts Payable	1249	1334	1556	1705	1,809	1,520	1,787	2,092	2,025	2,148
Long-Term Debt	4218	4070	4064	4091	5,573	5,272	4,842	4,836	4,780	4,770
Total Equity	5817	6644	7140	N/A	7,312	6,408	6,256	6,089	6,995	7,457
LTD/E Ratio	0.73	0.61	0.57	N/A	0.76	0.82	0.77	0.79	0.68	0.64

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.9%	8.7%	7.3%	7.4%	7.3%	4.4%	7.9%	9.7%	10.8%	13.0%
Return on Equity	11.3%	23.7%	18.9%	---	19.7%	12.5%	22.5%	28.5%	30.9%	35.4%
ROIC	6.5%	14.1%	11.8%	---	11.7%	7.0%	12.5%	15.9%	17.8%	21.4%
Shares Out.	261	259	249	250	244	243	242	235	230	228
Revenue/Share	49.67	51.62	55.01	62.65	67.92	51.23	58.34	68.08	76.63	86.86
FCF/Share	2.39	5.12	5.05	4.17	6.81	5.30	5.64	5.16	9.06	12.15

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.