Trane Technologies (TT)

Updated August 5th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$472	**5 Year Annual Expected Total Return:**	13.4%	**Market Cap:**	$104 B
Fair Value Price:	$427	**5 Year Growth Estimate:**	15.0%	**Ex-Dividend Date:**	09/04/26
% Fair Value:	111%	**5 Year Valuation Multiple Estimate:**	-2.0%	**Dividend Payment Date:**	09/30/26
Dividend Yield:	0.9%	**5 Year Price Target**	$859	**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 $104 billion market cap company provides products and services to bring efficient and sustainable climate solutions to buildings, homes, and transportation.

On July 30th, 2026, Trane Technologies posted its Q2 2026 results for the period ending June 30th, 2026. For the quarter, Trane reported $7.8 billion in bookings, up 39% year-over-year, with organic bookings up 37%, while revenue totaled $6.4 billion, an increase of 11% (9% organic). The company ended the quarter with a record backlog of $12.1 billion, up 70% year-over-year, including approximately $6 billion scheduled for 2027 and beyond.

The Americas segment, which remains the company's largest business, posted bookings growth of 44% (43% organic) and revenue growth of 12% (11% organic). Bookings strength was led by Americas Commercial HVAC, up 50%, with applied equipment bookings up 130%. Americas Commercial HVAC backlog increased 90% year-over-year. Adjusted operating margin for the segment was 22.1%, down 30 basis points, partly due to investments in capacity, innovation, and channel expansion. During the quarter, Trane also opened its Global AI Lab and showroom, building on BrainBox AI's capabilities in autonomous building management.

Adjusted EPS came in at $4.31, up 11% year-over-year, while GAAP EPS equaled $4.20. Free cash flow totaled $1.6 billion through June 30th, compared with $841 million in the prior-year period. Management raised full-year 2026 guidance, now calling for reported revenue growth of about 11.5%, organic revenue growth of about 9%, GAAP continuing EPS of $15.00 to $15.10, and adjusted continuing EPS of $15.20 to $15.30. We have applied the midpoint of the adjusted range in our estimates. All past figures in our table reflect GAAP results.

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	***$15.25***	***$30.67***
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	***222.5***	***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.

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Moving forward, Trane Technologies has a healthy long-term growth outlook supported by strength in Commercial HVAC, particularly in the Americas, along with rising demand from data centers and high-performance computing. The company's large installed base, growing services mix, strong backlog, and continued pricing and productivity execution should support durable growth and margin expansion over time.

Management's guidance implies another solid adjusted EPS increase in 2026. We forecast 15% annual EPS growth and 10% annual DPS growth through 2031, supported by Trane's strong backlog and continued execution.

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	***31.0***	***28.0***
Avg. Yld.	2.1%	2.0%	2.1%	1.9%	2.3%	1.3%	1.7%	1.7%	1.1%	0.9%	***0.9%***	***0.8%***

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 31 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%***	***22%***

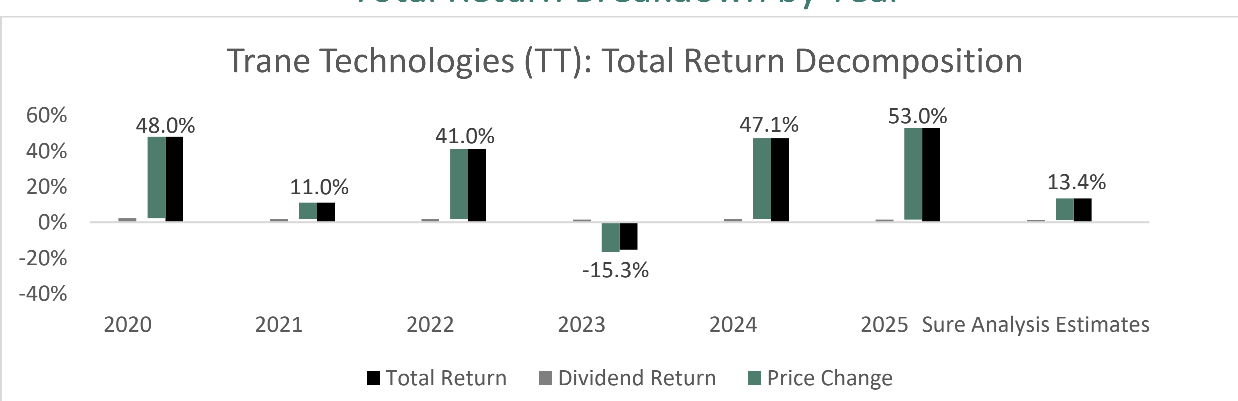
Trane Technologies' competitive advantages are its strong brands and investments in product innovation. During the Great Recession Ingersoll-Rand reported earnings-per-share of $2.69, $1.41, $2.23, and $2.82 for the 2008 through 2011 stretch. Additionally, the dividend was reduced from $0.50 in 2009 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 second quarter, Trane Technologies held $1.32 billion in cash and cash equivalents, $9.01 billion in current assets, and $23.93 billion in total assets, set against $8.39 billion in current liabilities and $15.28 billion in total liabilities. Long-term debt stood at about $3.92 billion.

Final Thoughts & Recommendation

Trane Technologies kicked off 2026 on a high note. We remain mindful of the possibility of a valuation compression, which could hinder total returns over the medium-term. Still, based on our growth estimates of 15%, the starting yield of 0.9%, we expect a total annual return potential of 13.4% through 2031 even if our projected multiple compression takes place. Shares earn a hold rating.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	13,509	4,198	5,668	16,599	12,450	14,140	15,990	17,680	19,840	21,320
Gross Profit	4,201	4,386	4,821	5,147	3,803	4,470	4,965	5,857	7,080	7,710
Gross Margin	31.1%	31%	30.8%	31.0%	30.5%	31.6%	31.1%	33.1%	35.7%	36.2%
SG&A Exp.	2,598	2,721	2,903	3,130	2,271	2,446	2,546	2,963	3,580	3,743
D&A Exp.	352	353	362	397	294	299	324	348	379	376
Operating Profit	1,603	,665	1,917	2,018	1,533	2,023	2,419	2,894	3,500	3,937
Op. Margin	11.9%	12%	12.2%	12.2%	12.3%	14.3%	15.1%	16.4%	17.6%	18.5%
Net Profit	1,476	1,303	1,338	1,411	855	1,423	1,756	2,024	2,568	2,973
Net Margin	10.9%	9.2%	8.5%	8.5%	6.9%	10.1%	11.0%	11.4%	12.9%	13.9%
Free Cash Flow	1,339	1,302	1,042	1,665	1,289	1,365	1,212	2,089	2,775	2,810
Income Tax	282	80	281	354	297	334	376	498	628	706

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	17397	18173	17915	20,492	18,160	18,060	18,080	19,390	20,150	21,420
Cash & Equivalents	1715	1549	903	1,304	3,290	2,159	1,220	1,095	1,590	1,763
Acc. Receivable	2223	2477	2679	2,798	2,202	2,429	2,780	2,957	3,090	3,700
Inventories	1386	1555	1678	1,712	1,189	1,531	1,994	2,152	1,972	2,104
Goodwill & Int.	9444	9679	9594	10,932	8,629	8,810	8,768	9,535	9,436	9,694
Total Liabilities	10679	10966	10850	13,180	11,730	11,790	11,980	12,370	12,660	12,820
Accounts Payable	1334	1556	1705	1,809	1,520	1,787	2,092	2,025	2,148	2,154
Long-Term Debt	4070	4064	4091	5,573	5,272	4,842	4,836	4,780	4,770	5,147
Total Equity	6644	7140	N/A	7,312	6,408	6,256	6,089	6,995	7,457	8,579
LTD/E Ratio	0.61	0.57	N/A	0.76	0.82	0.77	0.79	0.68	0.64	0.73

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.7%	7.3%	7.4%	7.3%	4.4%	7.9%	9.7%	10.8%	13.0%	14.3%
Return on Equity	23.7%	18.9%	---	19.7%	12.5%	22.5%	28.5%	30.9%	35.4%	37.0%
ROIC	14.1%	11.8%	---	11.7%	7.0%	12.5%	15.9%	17.8%	21.4%	21.4%
Shares Out.	259	249	250	244	243	242	235	230	228	224.9
Revenue/Share	51.62	55.01	62.65	67.92	51.23	58.34	68.08	76.63	86.86	94.81
FCF/Share	5.12	5.05	4.17	6.81	5.30	5.64	5.16	9.06	12.15	12.49

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