Honeywell

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HONEYWELL EXPECTS 2018 EARNINGS PER SHARE, EXCLUDING SEPARATION COSTS, OF $7.55 - $7.80

- *Expects 2018 Earnings Per Share Growth[1] of 6% - 10% or 13% - 17% Normalized for Tax, Driven by Organic Sales Growth of 2% - 4%*
- *Expects 2018 Free Cash Flow of $5.2B - $5.9B[2], Targeting >20% Growth*
- *Anticipates Higher than Planned Sales Growth in the Fourth Quarter of 2017*
- *Narrows Fourth-Quarter and Full-Year 2017 EPS Guidance to Upper End of Previous Guidance Ranges*

MORRIS PLAINS, N.J., December 13, 2017 -- Honeywell (**NYSE: HON**) today announced its 2018 outlook and reaffirmed its fourth quarter and full-year 2017 earnings guidance. Honeywell will discuss its 2018 outlook during its investor conference call today starting at 8 a.m. EST.

Honeywell President and Chief Executive Officer Darius Adamczyk said, “Honeywell expects another year of high-quality earnings growth in 2018, driven by the significant investments we have made in our portfolio, including new product introductions, capacity expansions, research and development, acquisitions, and restructuring. Our great positions in growing industries, combined with favorable end-market dynamics, will help drive organic sales growth of 2 to 4 percent. We expect to grow segment margins by 30 to 60 basis points in 2018 thanks to our deployment of HOS Gold company-wide, our commercial excellence initiatives, and returns from previously-funded restructuring, including the more than $300 million in high-return projects we expect to fund in 2017. As a result, we expect 2018 earnings per share growth of 6 to 10 percent excluding estimated SpinCo separation and frictional tax costs of $0.8 billion to $1.2 billion, and excluding the pension mark-to-market adjustment and the further impact, if any, from the potential U.S. tax legislation.”

Adamczyk continued, “In 2018, we are targeting free cash flow growth of more than 20 percent and intend to continue our aggressive capital deployment strategy. In the fourth quarter, we will buy back nearly $1.5 billion worth of Honeywell shares and, in late September, we announced a 12 percent dividend increase. M&A remains a top priority and we announced investments in two companies in the fourth quarter: SCAME Sistemi and FLUX, which expand our Connected Building and Connected Supply Chain offerings, respectively.

[1] EPS, EPS V% exclude estimated separation costs related to the spin-offs of the Homes and Transportation Systems businesses
[2] Cash flow from operations less capital expenditures; excludes estimated separation costs

"2018 will be a year of exciting transformation for Honeywell. We expect that the spin-offs of our homes and global distribution and Transportation Systems businesses will be completed by the end of the year. Following these transactions, Honeywell's portfolio will be more focused and simple with significant opportunities for profitable organic and inorganic growth, while reducing the cyclicality of our total business and leveraging cross-Honeywell synergies," Adamczyk said. "I am excited about the future for Honeywell. We remain focused on delivering the outstanding returns that shareowners have come to expect from us."

The company also provided an update on 2017. For the fourth quarter of 2017, Honeywell raised its organic sales growth guidance to 7 to 8 percent, driven by its Intelligrated and Safety Products businesses within Safety and Productivity Solutions, its Advanced Materials business within Performance Materials and Technologies, and the Aerospace aftermarket. The company narrowed its expected fourth-quarter EPS to the high end of the previous guidance range, or about $1.84 per share, excluding separation costs. For the full-year 2017, the company also narrowed its organic growth guidance to about 4 percent and again narrowed its EPS guidance to the high end of the previous guidance range, or about $7.10, excluding separation costs. A summary of the guidance changes can be found in the tables below.

Table 1: FOURTH-QUARTER 2017 GUIDANCE[3]

	Previous Guidance	**Current Guidance**
Sales Growth	5% - 7%	~9%
Organic Growth	*4% - 6%*	*7% - 8%*
Segment Margin Expansion	Up 30 - 50 bps	Down ~(10) bps – Flat
Earnings Per Share	$1.79 - $1.84	~$1.84

Table 2: FULL-YEAR 2017 GUIDANCE[3]

	Previous Guidance	**Current Guidance**
Sales	$40.2B - $40.4B	~$40.6B
Organic Growth	*3% - 4%*	*~4%*
Segment Margin	~19.0%	~18.9%
Expansion	*Up 70 bps*	*Up 60 bps*
Earnings Per Share	$7.05 - $7.10	~$7.10
Earnings Growth	*9% - 10%*	*~10%*
Free Cash Flow[4]	$4.6B - $4.7B	$4.6B - $4.7B
FCF Growth	*5% - 7%*	*5% - 7%*

[3] EPS and EPS V% exclude separation costs related to the spin-offs of the Homes and Transportation Systems businesses
[4] Cash flow from operations less capital expenditures, excluding estimated separation costs

To participate on the conference call, please dial (866) 548-4713 (domestic) or (323) 794-2093 (international) approximately 10 minutes before the 8 a.m. EST start. Please mention to the operator that you are dialing in for Honeywell's 2018 outlook call or provide the conference code HON2018. A real-time audio webcast of the presentation can be accessed at http://www.honeywell.com/investor, where related materials will be posted prior to the presentation and a replay of the webcast will be available for 30 days following the presentation. Investors can hear a replay of the conference call from 1 p.m. EST, December 13, until 1 p.m. EST, December 20, by dialing (888) 203-1112 (domestic) or (719) 457-0820. The access code is 8776580.

Honeywell (www.honeywell.com) is a Fortune 100 software-industrial company that delivers industry specific solutions that include aerospace and automotive products and services; control technologies for buildings, homes, and industry; and performance materials globally. Our technologies help everything from aircraft, cars, homes and buildings, manufacturing plants, supply chains, and workers become more connected to make our world smarter, safer, and more sustainable. For more news and information on Honeywell, please visit www.honeywell.com/newsroom.

This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices, as well as the ability to effect the separations. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements, including with respect to any changes in or abandonment of the proposed separations. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

This release contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this release are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales; organic sales growth, which we define as sales growth less the impacts from foreign currency translation and acquisitions and divestitures for the first 12 months following transaction date; free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude separation costs, if and as noted in the release; free cash flow conversion, which we define as free cash flow divided by net income attributable to Honeywell; and earnings per share, which we adjust to exclude pension mark-to-market expenses, to normalize quarterly earnings per share measures for completed fiscal quarters for the expected effective tax rate as previously guided for the most recently completed fiscal quarter, to otherwise normalize for tax, if and as noted in the release, as well as for other components, such as divestitures, debt refinancings and exclusion of separation costs, if and as noted in the release. Other than references to reported earnings per share, all references to earnings per share in this release are so adjusted. The respective tax rates applied when adjusting earnings per share for these items are identified in the release or in the reconciliations presented in the Appendix. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Refer to the Appendix attached to this release for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures. A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change. In addition, forward looking quantitative reconciliations herein exclude separation costs because management cannot reliably predict or precisely estimate, without unreasonable effort, those costs given the preliminary nature of the estimates. A reconciliation of earnings per share, excluding separation costs and pension mark-to-market has not been included because management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets, and the separation costs given the preliminary nature of the estimates. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.

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Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins (Unaudited)

($M except 4Q 2017E & 2017E in $B)

	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2016	Three Months Ended December 31, 2017E	Twelve Months Ended December 31, 2017E
Segment Profit	$ 1,899	$ 7,186	~$2.1	~$7.7
Stock compensation expense (A)	(39)	(184)	~(0.1)	~(0.2)
Repositioning and other (B, C)	(136)	(679)	~(0.4)	~(1.0)
Pension ongoing income (A)	154	601	~0.2	~0.7
Pension Mark-to-Market Expense (A)	(273)	(273)	TBD	TBD
Other postretirement income (A)	8	32	~0.0	~0.0
Operating Income	$ 1,613	$ 6,683	~$1.8	~$7.2
Segment Profit	$ 1,899	$ 7,186	~$2.1	~$7.7
÷ Sales	$ 9,985	$ 39,302	~$10.9	~$40.6
Segment Profit Margin %	19.0%	18.3%	~18.9% - 19.0%	~18.9%
Operating Income	$ 1,613	$ 6,683	~$1.8	~$7.2
÷ Sales	$ 9,985	$ 39,302	~$10.9	~$40.6
Operating Income Margin %	16.2%	17.0%	~16.5%	~17.7%

(A) Included in cost of products and services sold and selling, general and administrative expenses.
(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
(C) Included in cost of products and services sold, selling, general and administrative expenses, and other income/expense.

We define segment profit as operating income, excluding stock compensation expense, pension ongoing income or expense, pension mark-to-market expense, other postretirement income or expense, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit, particularly pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow *(not including separation costs* [(1)]) (Unaudited)

(Dollars in Billions)

	Twelve Months Ended December 31, 2017E	Twelve Months Ended December 31, 2018E
Cash provided by operating activities	~$5.6 - $5.7	~$6.1 - $6.8
Expenditures for property, plant and equipment	~(1.0)	~(0.9)
Free cash flow	~$4.6 - $4.7	~$5.2 - $5.9

(1) The estimated cash flows do not include separation costs given the preliminary nature of the estimates.

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity. Separation costs are not included given the preliminary nature of the estimates.

Honeywell International Inc.

Reconciliation of Earnings Per Share to Earnings Per Share, Excluding Pension Mark-to-Market Expense, Debt Refinancing Expense and Earnings Attributable to 2016 Divestitures (Unaudited)

	Twelve Months Ended December 31, 2016 (1)
Earnings per share of common stock - assuming dilution (EPS)...	$ 6.20
Pension mark-to-market expense..	0.28
Debt refinancing expense...	0.12
Earnings attributable to 2016 divestitures...	(0.14)
EPS, excluding pension mark-to-market expense, debt refinancing expense and earnings attributable to 2016 divestitures...	$ 6.46

(1) Utilizes weighted average shares of 775.3 million. Pension mark-to-market expense uses a blended tax rate of 21.3%. Debt refinancing expense uses a tax rate of 26.5%. Earnings attributable to 2016 divestitures use a blended tax rate of 33.9%.

We believe EPS, excluding pension mark-to-market expense, debt refinancing expense and earnings attributable to 2016 divestitures is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Earnings per Share to Earnings per Share at 25% Tax Rate, Excluding Pension Mark-to-Market Expense (not including separation costs) (Unaudited)

	Twelve Months Ended December 31, 2017 (1)
Earnings per share of common stock - assuming dilution	TBD
Pension mark-to-market expense	TBD
Earnings per share, excluding pension mark-to-market expense	$ 7.10
Less: Earnings per share impact of normalizing to 25% tax rate	0.41
Earnings per share at 25% tax rate, excluding pension mark-to-market expense	$ 6.69

(1) Assumes weighted average diluted shares outstanding of 772 million.

We believe earnings per share adjusted to normalize for the 2018 expected effective tax rate at 25%, excluding pension mark-to-market expense and separation cost is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. Management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets, and the separation costs given the preliminary nature of the estimates. We therefore do not include an estimate for the pension mark-to-market expense or separation costs in this reconciliation. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.