

# **HONEYWELL** **AT A GLANCE**

**Honeywell**

—  
THE  
FUTURE  
IS  
WHAT  
WE  
MAKE IT

**Honeywell**



## **FORWARD LOOKING STATEMENTS**

We describe many of the trends and other factors that drive our business and future results in this presentation. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are those that address activities, events, or developments that management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management's assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors, many of which are difficult to predict and outside of our control. They are not guarantees of future performance, and actual results, developments and business decisions may differ significantly from those envisaged by our forward-looking statements. We do not undertake to update or revise any of our forward-looking statements, except as required by applicable securities law. Our forward-looking statements are also subject to material risks and uncertainties, including ongoing macroeconomic and geopolitical risks, such as lower GDP growth or recession, capital markets volatility, inflation, and certain regional conflicts, that can affect our performance in both the near- and long-term. In addition, no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this presentation can or will be achieved. These forward-looking statements should be considered in light of the information included in this presentation, our Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

## **NON-GAAP FINANCIAL MEASURES**

This presentation contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this presentation are as follows: Segment profit, on an overall Honeywell basis; Segment profit margin, on an overall Honeywell basis; Organic sales percentage; Free cash flow; Adjusted free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin excluding impact of settlements; Adjusted free cash flow margin; Adjusted earnings per share; Adjusted earnings per share excluding pension headwind; Adjusted net income attributable to Honeywell; Adjusted net income before interest; and Return on invested capital, if and as noted in the presentation. 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 measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

Honeywell is delivering the future of automation, air travel, and energy with our industry-leading, software-enabled solutions. We create shareholder value through profitable growth and strategic, high-return capital deployment.

**\$37B**  
2023 Sales

**14%**  
2023 FCF Margin\*

**14**  
Dividend Increases  
Since 2010

**\$9.52**  
2023 Adj. EPS

**95,000**  
2023 Employees

**196%**  
10-Year Total  
Shareowner Return

## SOLVING THE WORLD'S TOUGHEST CHALLENGES IN...

### AUTOMATION



### AVIATION



### ENERGY TRANSITION



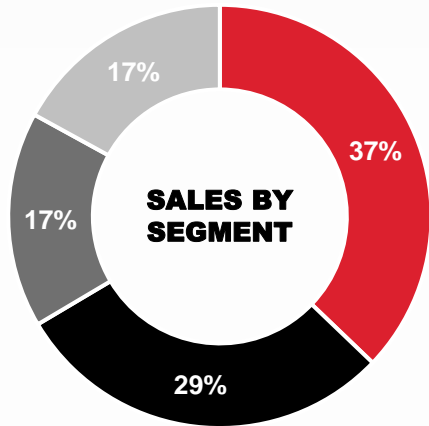
\*Free Cash Flow Margin for 2023 excludes impact of settlements signed in 4Q22.

← **UNDERPINNED BY DIGITALIZATION** →

# HONEYWELL BY THE NUMBERS

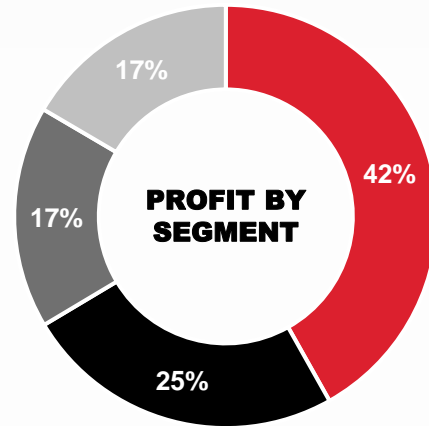
**\$37B**

2023 Sales



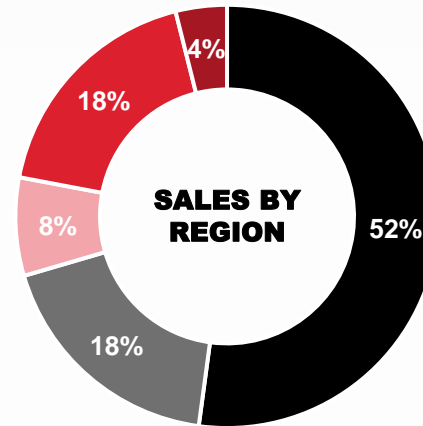
**37%**

2023 Gross Margin



**23%**

2023 Segment Margin

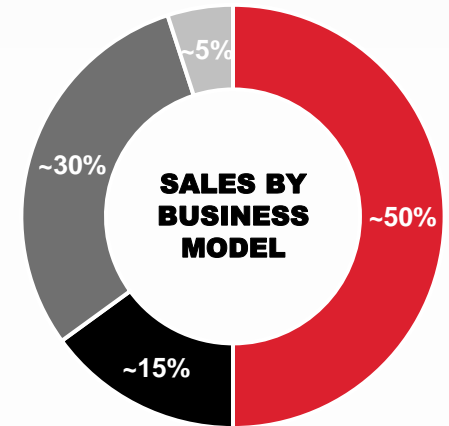


**14%**

2023 FCF Margin

**35%**

2023 Recurring Revenue



■ Aerospace Technologies    ■ Industrial Automation  
■ Building Automation    ■ Energy and Sustainability Solutions

■ Aerospace Technologies    ■ Industrial Automation  
■ Building Automation    ■ Energy and Sustainability Solutions

■ North America    ■ Asia Pacific  
■ Europe    ■ Latin America  
■ Middle East and Africa

■ Products    ■ Projects  
■ Aftermarket Services    ■ Software

*FCF Margin for 2023 excludes impact of settlements signed in 4Q22. Pie charts represent 2023 financials excluding corporate and all other.*

**End Markets Support a Robust Multi-Year Outlook**

# HONEYWELL VALUE CREATION FRAMEWORK

1

## INNOVATORS OF CRITICAL TECHNOLOGIES

Expansive installed base;  
Deep customer relationships;  
Industrial Software

2

## INTEGRATED OPERATING COMPANY

Agility in all environments;  
Disciplined financial stewards;  
Commitment to excellence

3

## EFFECTIVE CAPITAL MANAGERS

Continuous portfolio optimization;  
Balanced capital deployment

← **ENABLED BY OUR ACCELERATOR OPERATING SYSTEM** →

**Compelling Formula for Long-Term Shareholder Value Creation**

# HONEYWELL LONG-TERM GROWTH ALGORITHM



**4% - 7%**

Organic  
Sales Growth



**>35%**

Recurring  
Revenue



**>40%**

Gross  
Margin



**MID-TEENS+**

Free Cash Flow  
Margin



**25%+**

Segment  
Margin



**40 - 60 BPS**

Segment Margin  
Expansion



**8% - 12%**

Adj. Earnings Per  
Share Growth



**\$25B+**

2023 - 2025  
Capital Deployment

**Compelling Financial Algorithm**

# THREE STAGES OF TRANSFORMATION

## EVOLUTION

### BREAK AND FIX (2002 - 2016)<sup>1</sup>

- Integrated legacy companies (AlliedSignal, Honeywell, and Pittway)
- Increased global presence
- Drove productivity

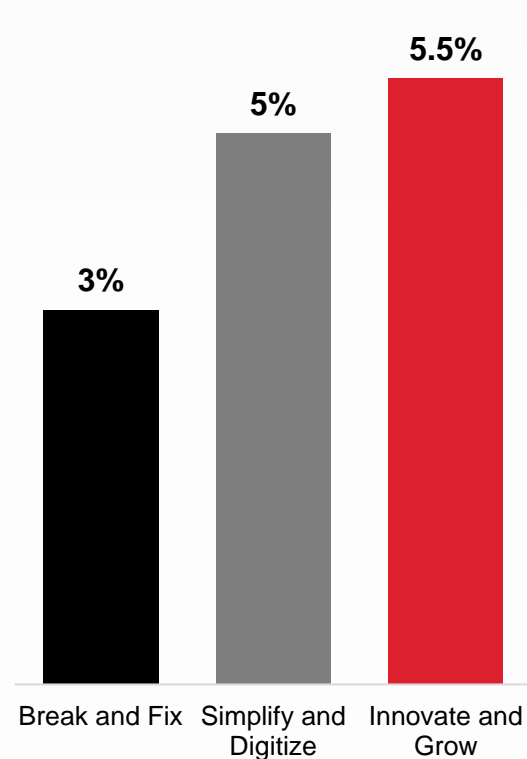
### SIMPLIFY AND DIGITIZE (2017 - 2022)<sup>1</sup>

- Streamlined end markets
- Executed supply chain and digital transformations
- Launched standalone software business
- Launched Accelerator

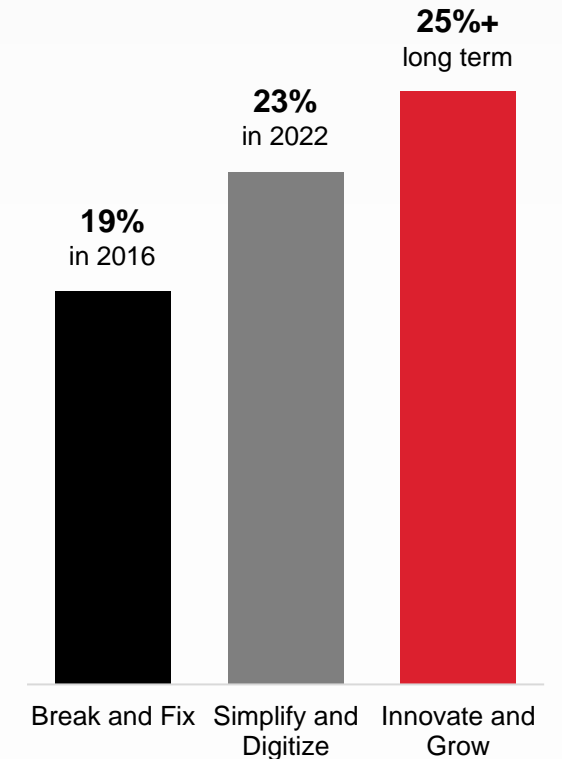
### INNOVATE AND GROW (2023+)

- Mining installed base and scaling software growth
- Advance Honeywell Accelerator across the organization (end to end)
- Deploy robust balance sheet; optimize portfolio
- Increase focus on innovation and capital deployment

## AVG. ORGANIC SALES GROWTH



## SEGMENT MARGIN

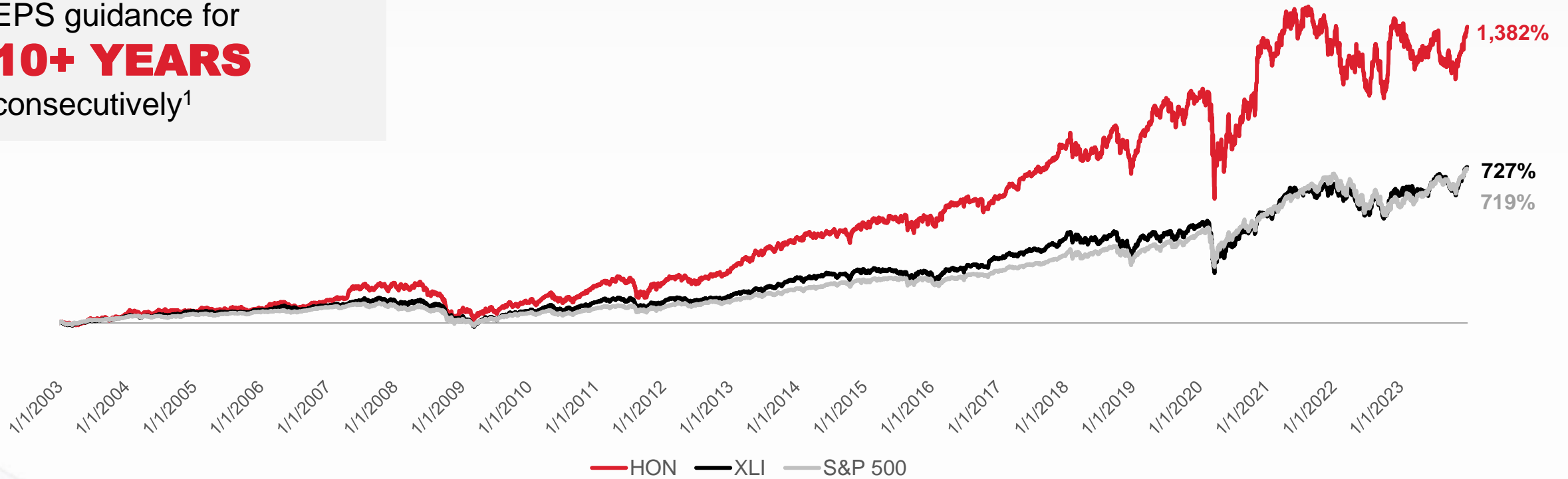


<sup>1</sup>“Break and Fix” period average organic sales growth excludes 2009, “Simplify and Digitize” period average organic sales growth excludes 2020.

Poised to Leverage Our Platform in Next Stage of Growth-Oriented Transformation

# TOTAL SHAREHOLDER RETURN

Exceeded midpoint of Adj. EPS guidance for **10+ YEARS** consecutively<sup>1</sup>



<sup>1</sup>10+ years of consecutive guidance excludes 2020. Adjusted EPS guidance from initial guide each year. TSR Data as of 12/31/2023.

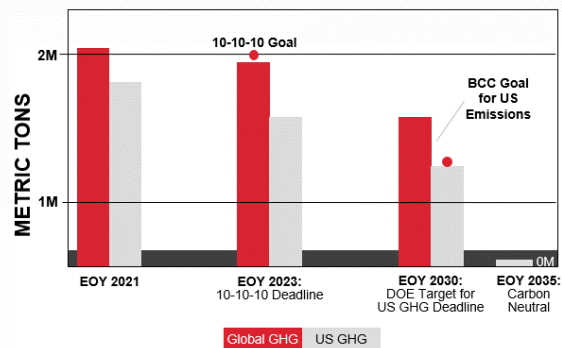
**Honeywell TSR has ~Doubled Index Returns Over Past 20 Years**



# RESPONSIBLE CORPORATE CITIZENS

## ENVIRONMENTAL

### Carbon Neutral by 2035



### Supporting Customer Decarbonization



## SOCIAL



**>12,000**

employees belong to nine Employee Networks



**>\$2.5M**

awarded to STEM-related scholarships

## GOVERNANCE

### Highly Qualified and Independent Board:

- 10 of 12 directors are independent
- 10 of 12 directors have CEO experience
- Average tenure is ~7 years

### Focused on Shareowner Interests:

- Robust shareowner engagement
- Board-level oversight of ESG

### Continually Evolving Governance Practices:

- History of proactively responding to shareowner feedback
- Striving for best-in-class governance, compensation, and disclosure practices

**ESG Principles Foundational to Honeywell's Strategy**

An aerial photograph of a lush green mangrove forest. A winding river or canal flows through the center of the forest, with several large, irregularly shaped islands of dense vegetation on either side. A narrow path or road is visible, curving through the forest in the lower-middle section. The overall scene is vibrant green with some brownish water in the channels.

# STRATEGIC PRIORITIES

**Honeywell**

# STRATEGIC PRIORITIES

1

## ACCELERATE ORGANIC GROWTH

- Innovation playbook
- High growth regions
- Monetize installed base and scale software

2

## EVOLVE ACCELERATOR OPERATING SYSTEM

- Integrated operating company
- Enhancing growth, margins, and cash generation
- Taking digital operations to the next level

3

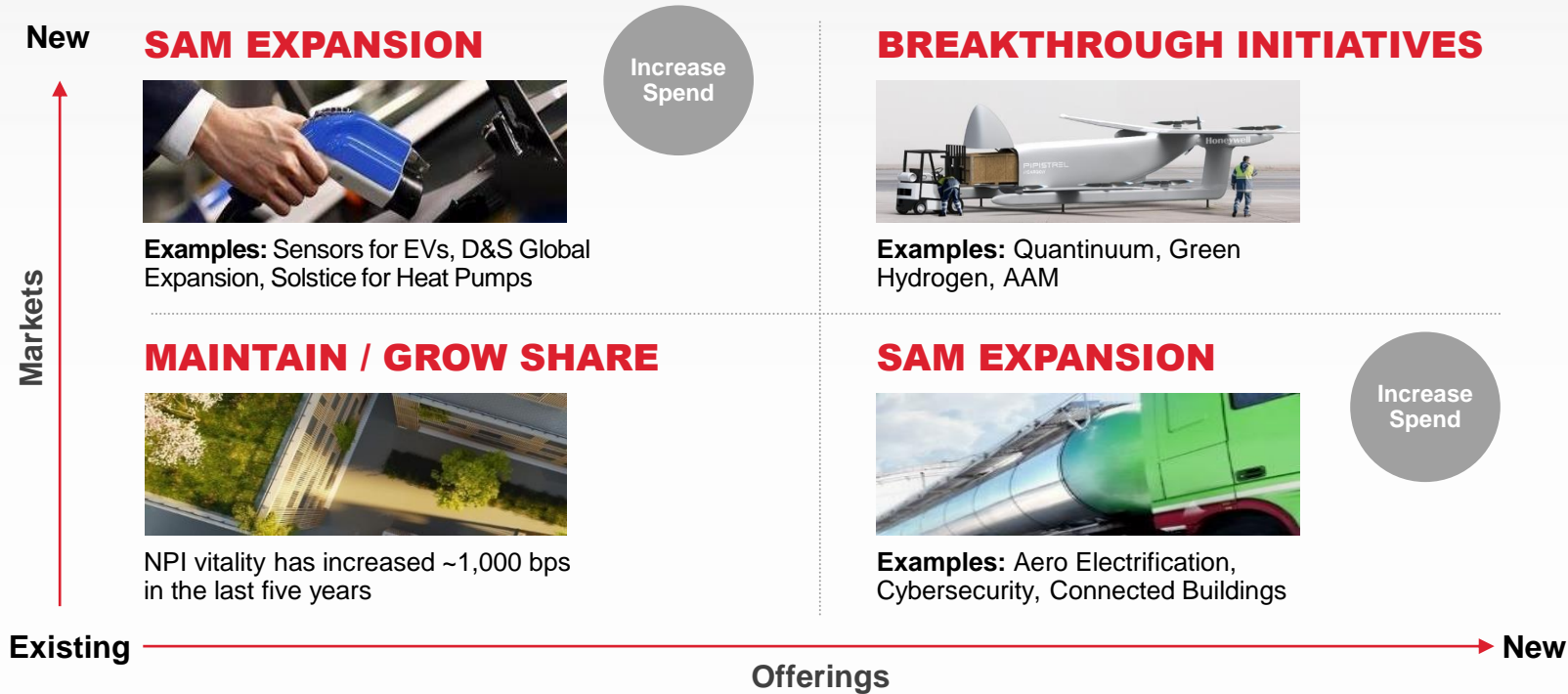
## OPTIMIZE PORTFOLIO

- Bolt-on acquisitions
- Divest non-core / simplify
- ↑ Recurring sales / gross margin

**FOCUSED ON DELIVERING PROFITABLE GROWTH AND STRONG CASH GENERATION**

**Strategy Focused on Accelerating Value Creation**

# ENHANCED INNOVATION PLAYBOOK



## SAM EXPANSION



**Examples:** Sensors for EVs, D&S Global Expansion, Solstice for Heat Pumps

Increase Spend

## BREAKTHROUGH INITIATIVES



**Examples:** Quantinum, Green Hydrogen, AAM

## MAINTAIN / GROW SHARE



NPI vitality has increased ~1,000 bps in the last five years

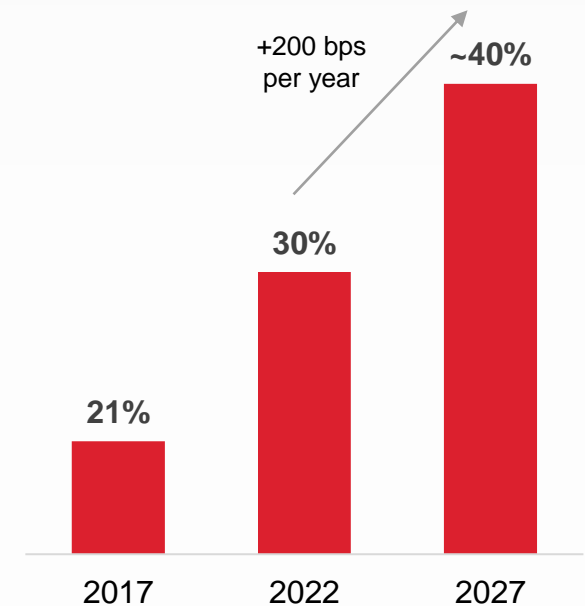
## SAM EXPANSION



**Examples:** Aero Electrification, Cybersecurity, Connected Buildings

Increase Spend

## NPI VITALITY



- Accelerating organic growth with high-return R&D investments at ~8%<sup>1</sup> of sales
- Greater allocation toward new products for existing markets / existing offerings for new customers
- Driving an average of 200 bps NPI vitality increase each year enabling growth

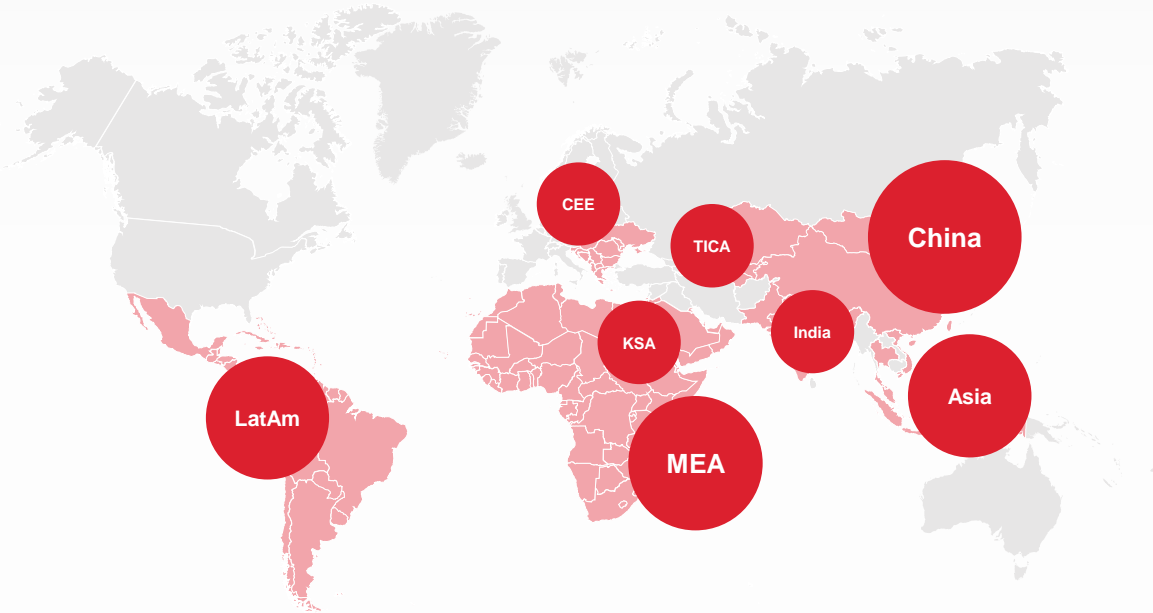
<sup>1</sup>Based on 2023, includes ~4% of customer-funded R&D spend. SAM: Serviceable Addressable Market. EV: Electric Vehicles. AAM: Advanced Aerial Mobility.

**SAM Expansion to Enable 2% Step Up to Organic Sales Growth**

# HIGH GROWTH REGIONS

GDP CAGR  
(2023 - 2026)

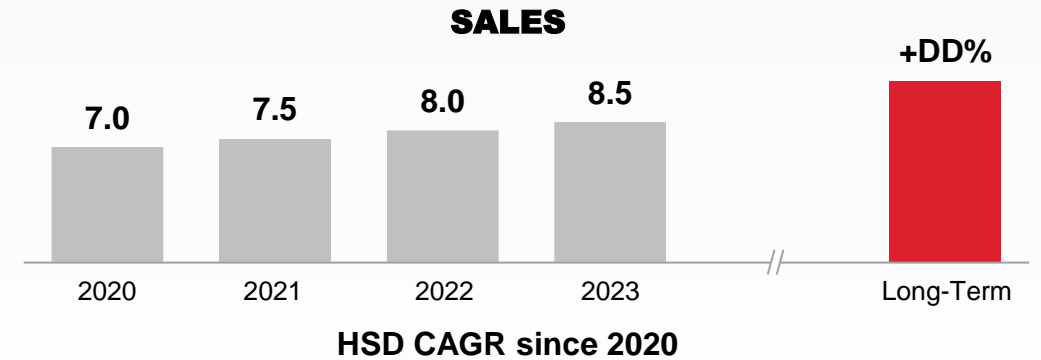
US	W. Europe	World	HGR <sup>1</sup>
1.5%	1.1%	2.6%	4.2%



**70%+** of global GDP growth from HGRs in the next 5 years  
HGR contribution to world GDP to reach **45%** in 2030

Source: WorldBank, Reuters, Airbus, Boeing, Janes Defense. <sup>1</sup>Bubble Size aligned to HON Rev in each region.

## THE JOURNEY



## A BRIGHT OUTLOOK AHEAD



### AUTOMATION:

Digitalizing manufacturing; infrastructure investments



### FUTURE OF AVIATION:

New airlines, fleet, and defense spend growth



### ENERGY TRANSITION:

Growing investments in energy transition

**HGR Megatrends Align Strongly With Honeywell Portfolio**

# SOFTWARE VALUE

## MONETIZING INSTALLED BASE



**10M**

Buildings



**150k+**

Warehouses



**15k+**

Process Plants



**50k+**

Aircraft



**6k+**

Pharma Locations

Enhancing installed base with new outcome-based connected digital services

## SOLVING CRITICAL PROBLEMS

Applications and solutions solving customers' toughest challenges

- Improved asset performance
- Enhanced labor productivity
- Increased cybersecurity
- Reduced carbon emissions

Built on Honeywell Forge IoT Platform with expanding AI capabilities

**100M+** of Connected Assets



## ADDING VALUE TO HONEYWELL

**\$1.6B**

Sales HCE

**16%**

HCE Sales CAGR since 2019

**~1,000 bps**

Margin Accretive to Honeywell

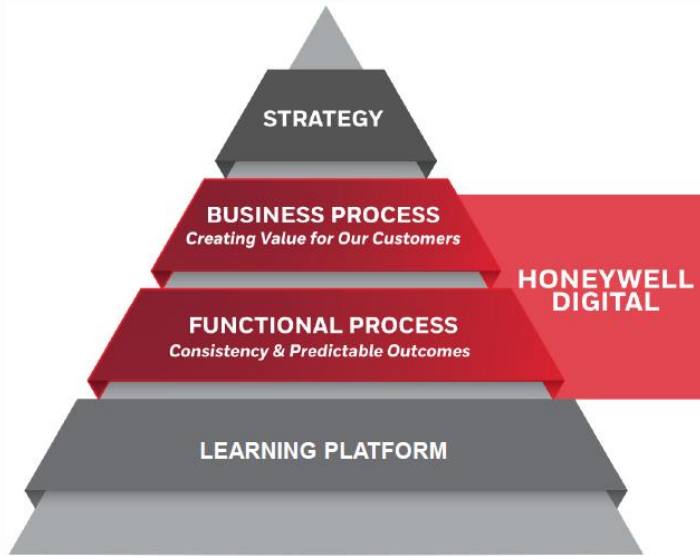
IoT: Internet of Things. AI: Artificial Intelligence. Represents Honeywell Connected Enterprise contribution to segment results. HCE provides software product and service offerings across our reportable business segments.

**Double-Digit Growth Enabled by Best-in-Class Forge Platform and Software Expertise**

# HONEYWELL ACCELERATOR

## WHAT IS ACCELERATOR?

Accelerator contains all the best practices, tools, and digital platforms to **deliver best-in-class performance**



## WHAT IS NEXT?

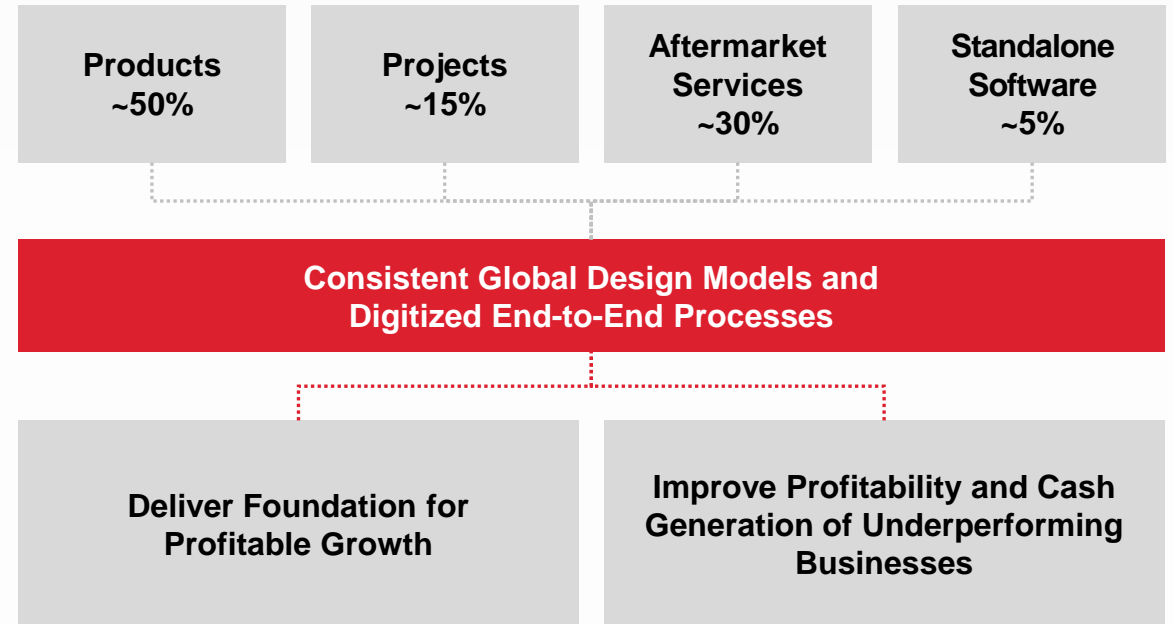
**2023 and Beyond:**

1. End-to-end business model standardization
2. Extract value from the digital thread
3. M&A benefit from integration excellence

**Accelerating profitable growth**

## BUSINESS MODEL STANDARDIZATION

Pivot from functional process excellence to business model value creation



Data represents 2023 sales.

**Culture of Execution; Taking Best-in-Class Operating System to the Next Level**

# AN INTEGRATED OPERATING COMPANY

## MANAGEMENT OPERATING APPROACH



### HONEYWELL TODAY:

#### ENABLING ORGANIZATION

- **Digitalization:** Honeywell Connected Enterprise
- **Local for local:** High Growth Regions
- **Innovation:** Honeywell Technology Solutions >5k engineers in 5 countries

**HCE SALES**

**16%**

CAGR since 2019

#### HONEYWELL DIGITAL

- **Simplification:** 95% of sales on 4 ERPs
- **Digitalization:** Digital threads for instrumenting operations

**CUMULATIVE GROSS MARGIN, PRODUCTIVITY, AND WORKING CAPITAL BENEFITS**

**\$2.8B**

Since 2018

#### SUPPLY CHAIN

- **Simplification:** Efficient, regionally-driven footprint
- **Digitalization:** Digitalized and AI-powered operations; automation capex doubled
- **Resiliency:** Dual-sourcing quadrupled

**GROSS PROFIT PER SQUARE FOOT**

**~35%**

Improvement since 2017

*Honeywell Connected Enterprise provides software product and service offerings across our reportable business segments.*

**Integrated Approach Generating Significant Value**



# PORTFOLIO SHAPING STRATEGY

## TARGETED OUTCOMES

	2023		TARGET
Recurring Revenue	35%	▶	>35%
Gross Margin	37%	▶	>40%
Segment Margin	23%	▶	25%+
Free Cash Flow Margin	14%*	▶	Mid-Teens+

\*FCF Margin for 2023 excludes impact of settlements signed in 4Q22.

## PORTFOLIO OBJECTIVES

### + ADDITIONS

- Acquisitions aligned to **three megatrends and digitalization**
- **Optimal deal size in the \$1B - \$7B range**
- High-grade portfolio with accretive growth and margin assets

### - SUBTRACTIONS

- ~10% of sales
- Reduce exposure to **non-core businesses**
- Divestiture timing aligned to maximize shareholder value

**Clear Objectives to Upgrade the Portfolio**

# RECENT M&A ANNOUNCEMENTS

## ANNOUNCED APD LNG

- Air Products' LNG business enhances ESS's existing portfolio to create an end-to-end natural gas asset management solution
- Complementary offerings aligned to our energy transition portfolio, expanding our installed base and creating new aftermarket services and software sales opportunities
- Third bolt-on acquisition to close in 2024

### AIR PRODUCTS LNG

**~\$1.8B**

Purchase Price

**13x**

2024E EBITDA

**~\$300M**

2024 Run Rate Sales

## ANNOUNCED CAES

- Supplements our defense technology across land, sea, air, and space with new electromagnetic defense solutions
- Expanding our position on critical platforms that are expected to grow significantly in the years to come
- Second Aerospace acquisition this year (Civitanavi announced in March)

**CAES** PIONEERING  
ADVANCED  
ELECTRONICS

**~\$1.9B**

Purchase Price

**14x**

2024E EBITDA

**~\$800M**

2024 Run Rate Sales

## CLOSED ACCESS SOLUTIONS

- Positions Honeywell as a leading provider of security solutions for the digital age
- Bolsters Building Automation's equipment-agnostic products business while improving the margin profile
- HON Security business now >\$1B in run-rate sales, creating platform for more M&A
- Closed on June 3

 **LENEL S2** /  **Unity** /  **Supra**

**~\$5.0B**

Purchase Price

**13x**

2023 EBITDA

**~\$700M**

2024 Run Rate Sales

We define EBITDA as adjusted income before taxes adjusted for interest and other financial charges, interest income, and depreciation and amortization.

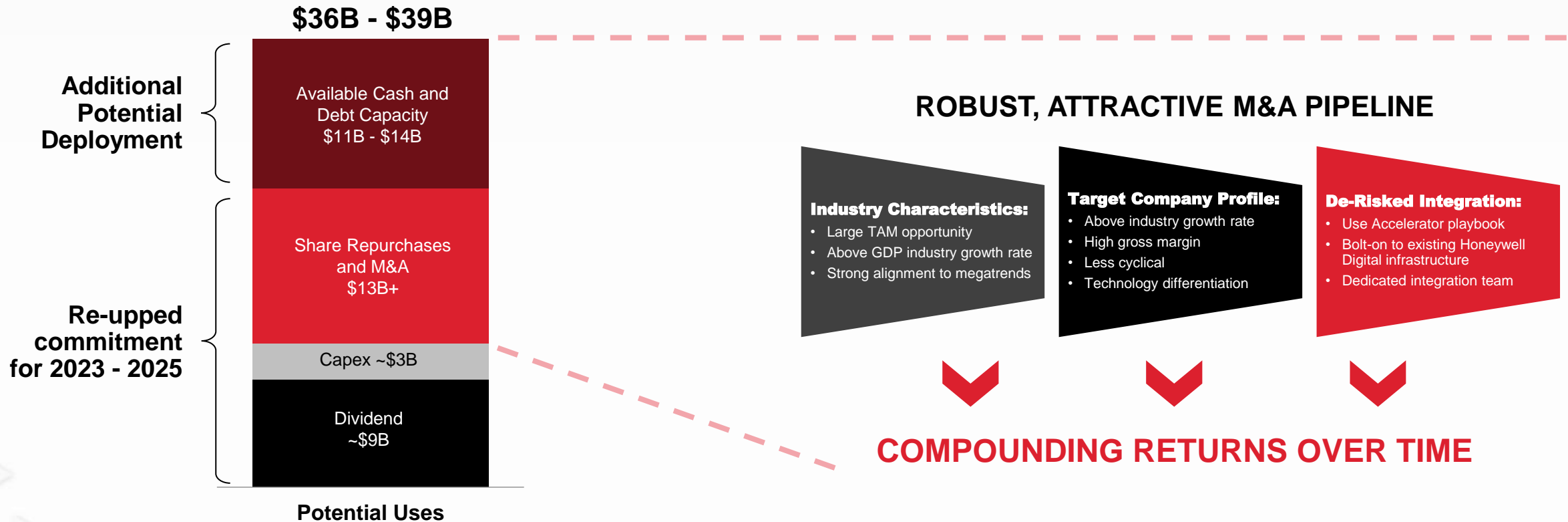
**Strengthening Alignment to Three Megatrends With ~500 bps of Accretive Revenue**

# CAPITAL DEPLOYMENT STRATEGY

## ROBUST CAPITAL DEPLOYMENT CAPACITY;

Re-upped \$25B+ Commitment For 2023 - 2025

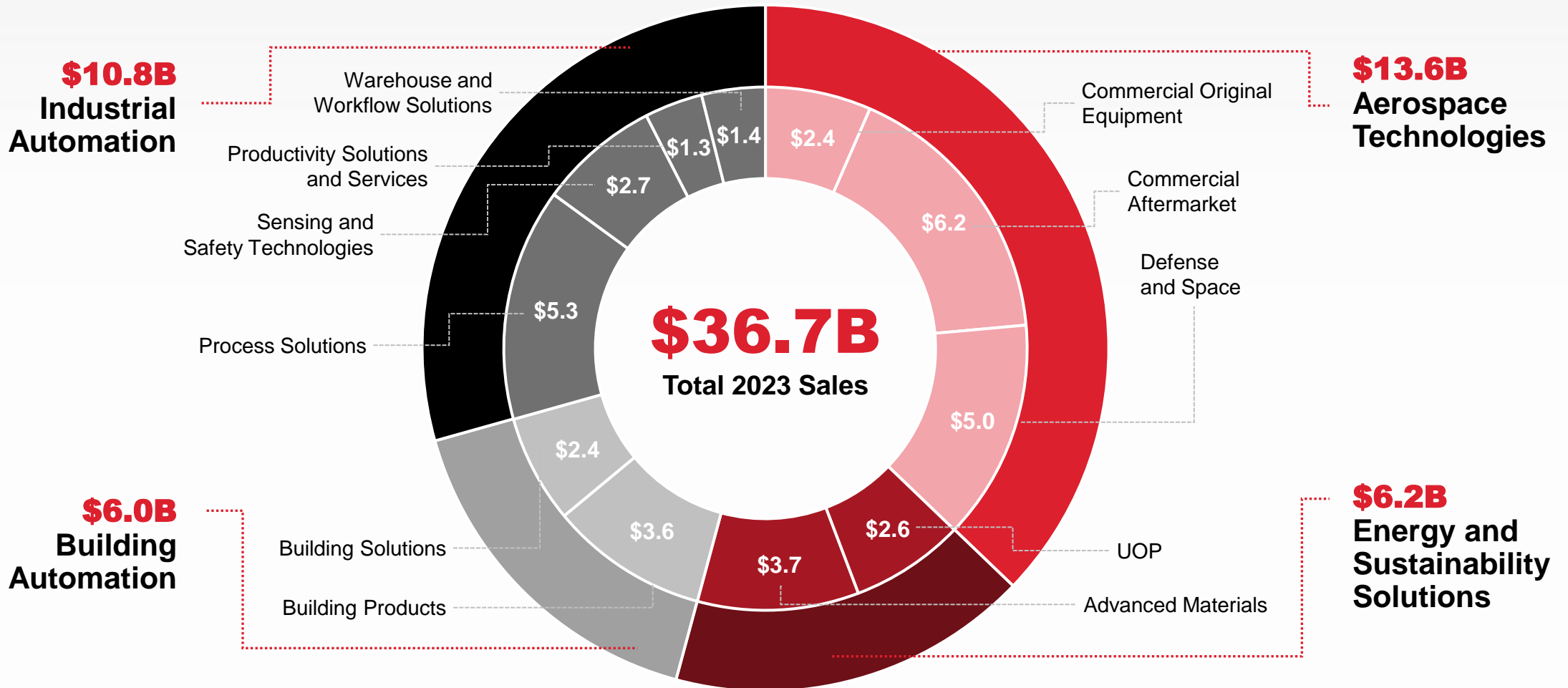
## PRIORITIZING STRATEGIC, BOLT-ON M&A



**Robust Capital Deployment Capacity; Prioritizing High-Value, Bolt-On M&A Deals**

# SEGMENT OVERVIEW

# HONEYWELL SEGMENTS AT A GLANCE



*Represents 2023 sales. Numbers may not sum due to rounding*

**Well-Diversified Portfolio Positioned for Accelerated Growth**

# AEROSPACE TECHNOLOGIES (AT)

## FINANCIAL OVERVIEW

**2023**

**\$13.6B**

Sales

**27.6%**

Segment Margin

**LONG TERM**

**MSD - HSD**

Sales Growth

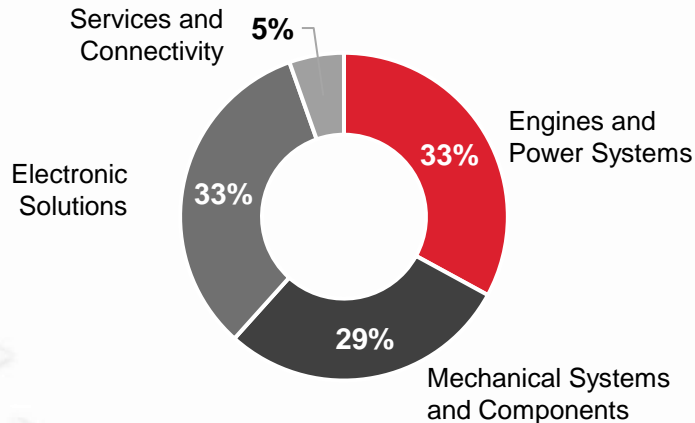
**~29%**

Segment Margin

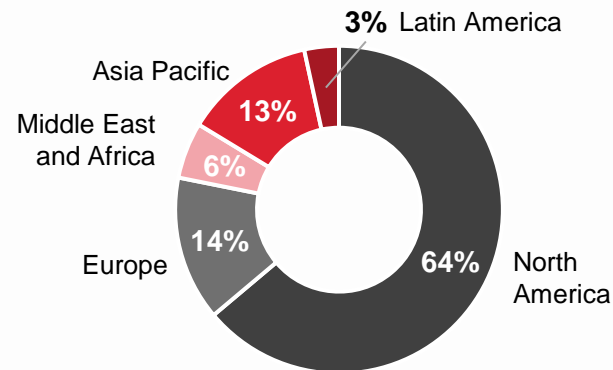
## GROWTH DRIVERS

- Multi-year commercial original equipment upcycle, global defense investment upcycle, strong aftermarket installed base
- \$1B+ decoupled revenue growing >10%
- Leading position in new trends: Advanced Air Mobility (UAVs), Electrification, Thermal / Power Management, and Precision Navigation

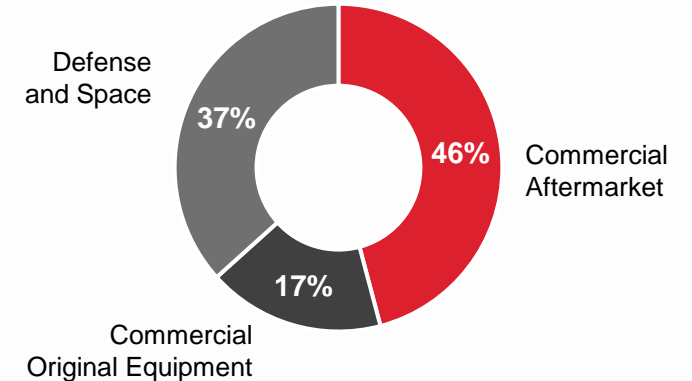
## BUSINESS MIX



## GEOGRAPHIC MIX



## VERTICAL MIX



Represents 2023 sales.





**Well Positioned to Lead the Future of Aviation**

# AT | WHY WE WIN

## AEROSPACE TECHNOLOGIES MISSION STATEMENT

Powering the Future of Aviation with our safe, precise, sustainable, and innovative aerospace portfolio spanning takeoff to landing for defense, space, commercial, and advanced aerial mobility (AAM) applications

### STRATEGIC FOCUS

Product Areas	 <p><b>Avionics and Navigation</b></p>	 <p><b>Engines and Power Generation</b></p>	 <p><b>Electromechanical Actuation and Thermal Solutions</b></p>	 <p><b>Connectivity and Data Analytics Services</b></p>
Value Created	<p>Innovative technologies to enhance pilot situational awareness enabling safe, reliable, and efficient flights with lower power / weight / cost solutions</p>	<p>SAF-capable turbine engines along with advanced technologies enabling electric and hybrid electric propulsion and fuel cell powering capabilities</p>	<p>Safe and reliable cabin environments and effective management of engines, braking, and thermal and power load for commercial aircraft, fighter jets, and AAM</p>	<p>Enabling aircraft and passengers to stay connected and operators to achieve savings through data analytics and database services</p>

### COMPETITIVE ADVANTAGES

Advanced technologies



Differentiated products



Broad exposure across verticals



Large installed base



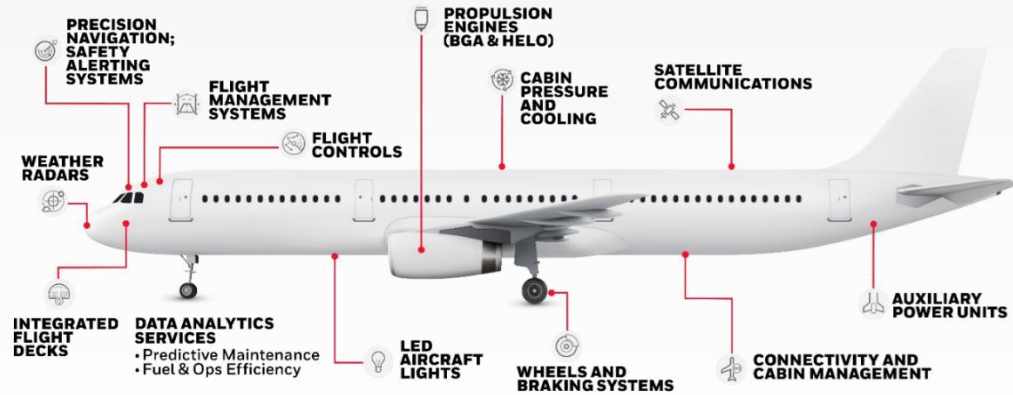
Best-in-class operating system



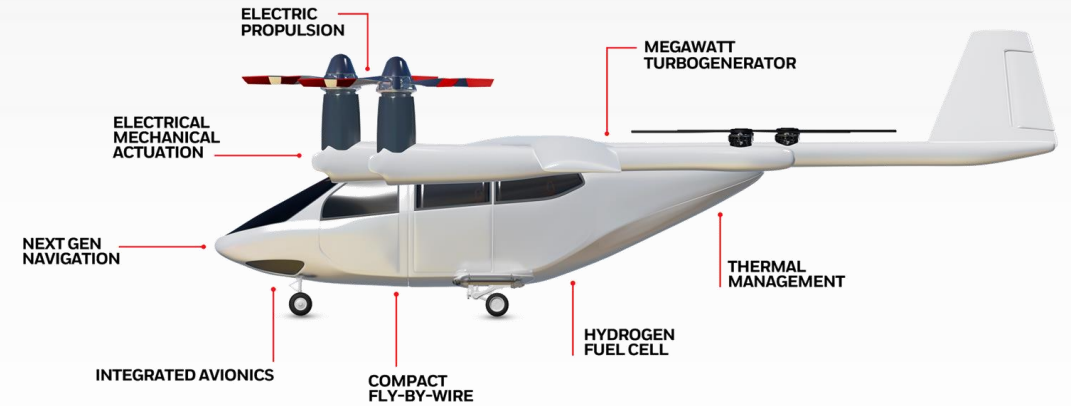
Powering the Future of Aviation

# AT | PRODUCTS AND OFFERINGS

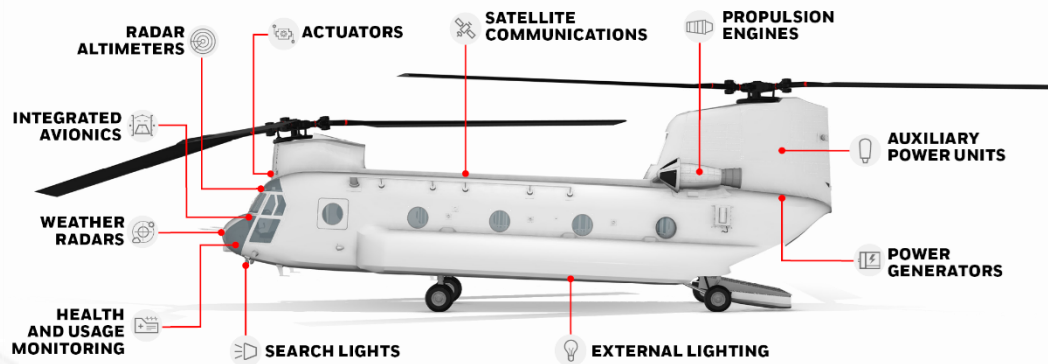
## COMMERCIAL



## ADVANCED AERIAL MOBILITY



## DEFENSE AND SPACE



## NEXT GENERATION PRODUCTS



Cockpit breakthroughs  
In cost / safety / weight



Power and thermal management  
system upgrades (e.g. F-35) and  
micro vapor cooling systems



Next gen business jet  
and defense propulsion



Low-cost, high-performance  
navigation



High-efficiency auxiliary  
power units



Integrated attitude control  
systems (Space)

Differentiated Capabilities Across Numerous Verticals and Aircraft Types



# INDUSTRIAL AUTOMATION (IA)

## FINANCIAL OVERVIEW

**2023**

**\$10.8B**

Sales

**20.5%**

Segment Margin

**LONG TERM**

**MSD - HSD**

Sales Growth

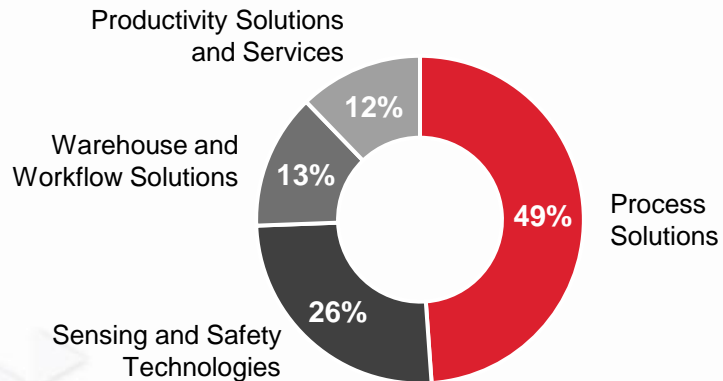
**~24%**

Segment Margin

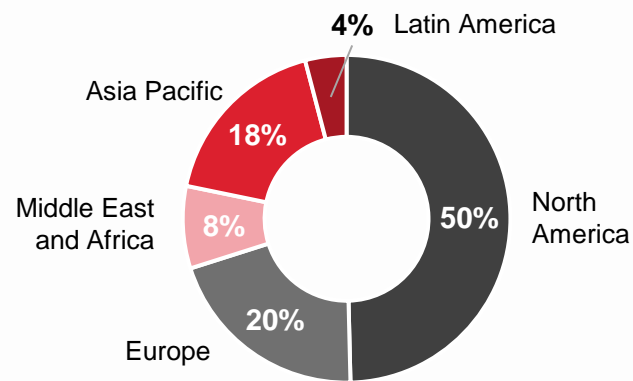
## GROWTH DRIVERS

- Labor / skills shortage; IA driving a path to autonomy
- Capacity / infrastructure buildout
- Supply chain resiliency investment cycle
- Internet of Things (IoT) driving demand for sensors
- Energy transition driving further automation opportunities

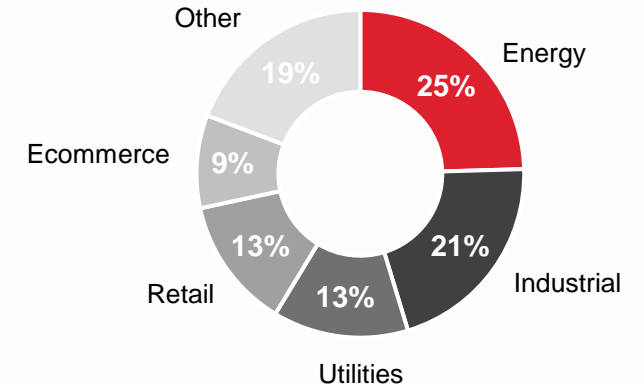
## BUSINESS MIX



## GEOGRAPHIC MIX



## VERTICAL MIX



Represents 2023 sales.

**Controls and Automation are the Foundation of Honeywell**

# IA | WHY WE WIN

## IA PURPOSE

Enhancing **Productivity, Sustainability,** and **Safety** for industrial customers

## IA COMPETITIVE ADVANTAGES



Most **versatile automation portfolio** serving broad end markets



Leading position in **high stakes verticals** with a number of **horizontal technology offerings**



**Software leadership** with leading IoT architecture enabling autonomy



Program management capabilities to **deliver complex solutions**

Solution

Value Created

### SENSING AND MEASUREMENT



Driving assets to be more productive, safe, and sustainable

### WORKFORCE PRODUCTIVITY



Enabling workers and enterprises through solutions to enhance workforce productivity

Solution

Value Created

### EFFICIENT AND SAFE OPERATIONS



Optimizing processes, augmenting human performance, and enabling autonomous operations

### DIGITALIZATION



Leveraging operational data to deliver insights and enhance business results in a cyber-secure manner

**Uniquely Able to Deliver Compelling Value with Unmatched Scale and Capabilities**

# IA | PRODUCTS AND OFFERINGS

## ENERGY STORAGE

- Honeywell IONIC™ (Battery Energy Storage Systems)
- Distributed Energy Resource Management Systems

## UTILITIES

- Smart Meters (Water, Electricity and Gas)
- Controls and Valves

## GIGAFACTORY

- Quality Control Systems
- Measurement and Controls

## ELECTRIC VEHICLES

- Sensors

## RENEWABLE ENERGY SOLUTIONS

- Automation solutions for Green H<sup>2</sup> generation, transportation and storage
- Compressor controls for Carbon Capture

## DIGITALIZATION

- Remote and Integrated Operating Centers
- Asset Performance Management
- Industrial Cybersecurity
- Experion™ PKS Control IO and Network HIVE
- Process Digital Twin

## PHARMACEUTICAL INDUSTRY

- Manufacturing Execution System
- Quality Management Systems
- Batch Automation

## SEMICONDUCTOR AND MANUFACTURING

- Gas Detectors
- Sensing and Measurement
- Productivity Solutions

## PIPELINES TERMINAL AND LNG

- Terminal and Inventory Management
- Custody Transfer Solutions

## INDUSTRIAL PLANTS – STEEL, AUTOMOTIVE, ETC.

- Burner Management Systems
- Combustion Solutions
- Burners, Fuel and Air Delivery

## REFINERY AND PETROCHEMICALS

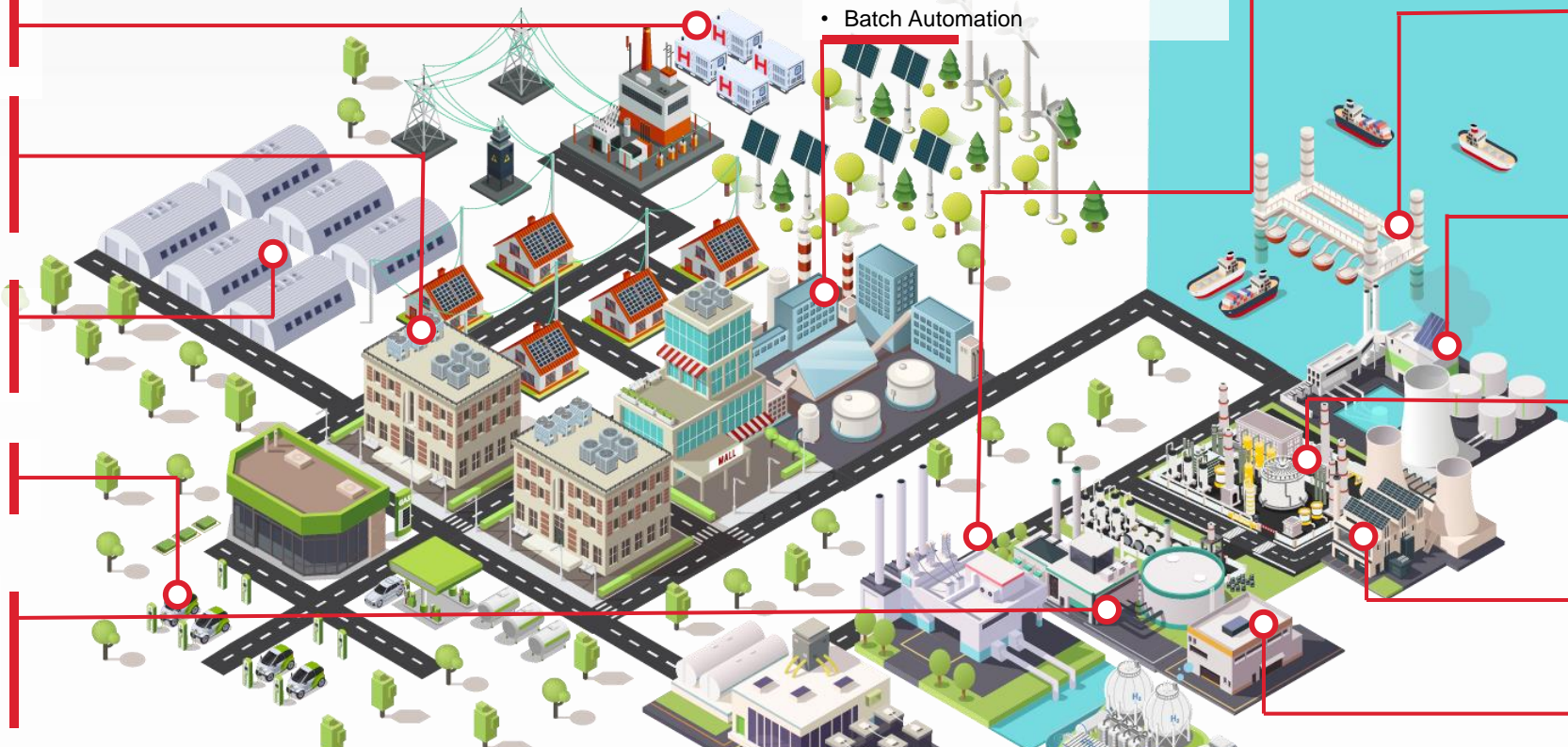
- Distributed Control Systems
- Process Safety Systems
- Fire and Gas Systems
- Advanced Process Control
- Emissions Monitoring and Control
- Field Instrumentation

## WORKFORCE PRODUCTIVITY

- Mobile Computing; Intelligent Worker
- Immersive Field Simulator with AR / VR
- Personnel Protection Equipment

## WAREHOUSE

- Automated Storage and Retrieval
- Advanced Sorting systems
- Conveyor Systems



HIVE: Highly Integrated Virtual Environment. AR / VR: Augmented Reality / Virtual Reality.

**Robust Portfolio of Offerings Enabling Intelligent Autonomous Operations**

# BUILDING AUTOMATION (BA)

## FINANCIAL OVERVIEW

**2023**

**\$6.0B**  
Sales

**25.4%**  
Segment Margin

**LONG TERM**

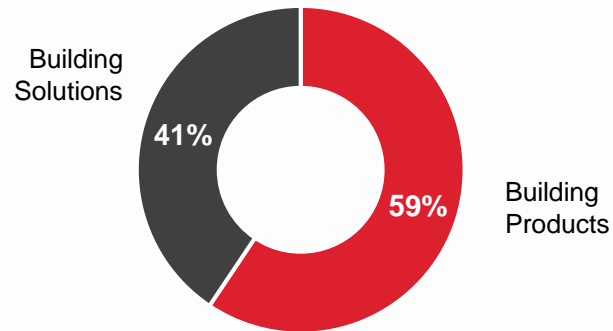
**MSD - HSD**  
Sales Growth

**~28%**  
Segment Margin

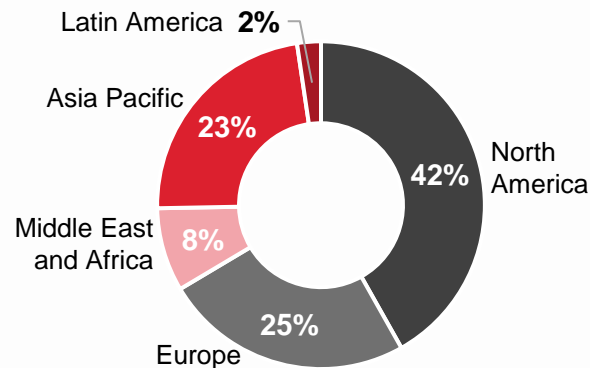
## GROWTH DRIVERS

- Global footprint and leading position across verticals
- Increased focus on energy efficiency and sustainability
- Well-integrated software franchise

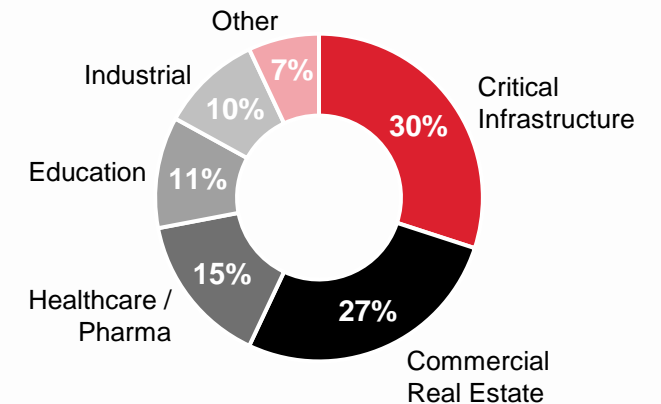
## BUSINESS MIX



## GEOGRAPHIC MIX



## VERTICAL MIX



*Represents 2023 sales; vertical mix chart represents 2023 Building Solutions sales*

**Growth Supported by Macroeconomic Tailwinds**

# BA | WHY WE WIN

CREATING BUILDINGS OF THE FUTURE THROUGH AUTOMATION, DIGITALIZATION, AND RELENTLESS INNOVATION



Driving Meaningful Outcomes with Domain Expertise and Innovation

# BA | PRODUCTS AND OFFERINGS

CONTROLS EXPERTISE TO SOLVE VERTICAL-SPECIFIC PROBLEMS

**Leading Position in Building Controls and Gateways**

**Tridium Open Connectivity Platform**

**Multi Domain Optimization**

**Forge Proprietary Software Algorithms**

**Ecosystem & Channel Innovation**

## EDUCATION

Energy Management  
Visitor and Contractor Management  
Gunshot Detection

## AIRPORTS

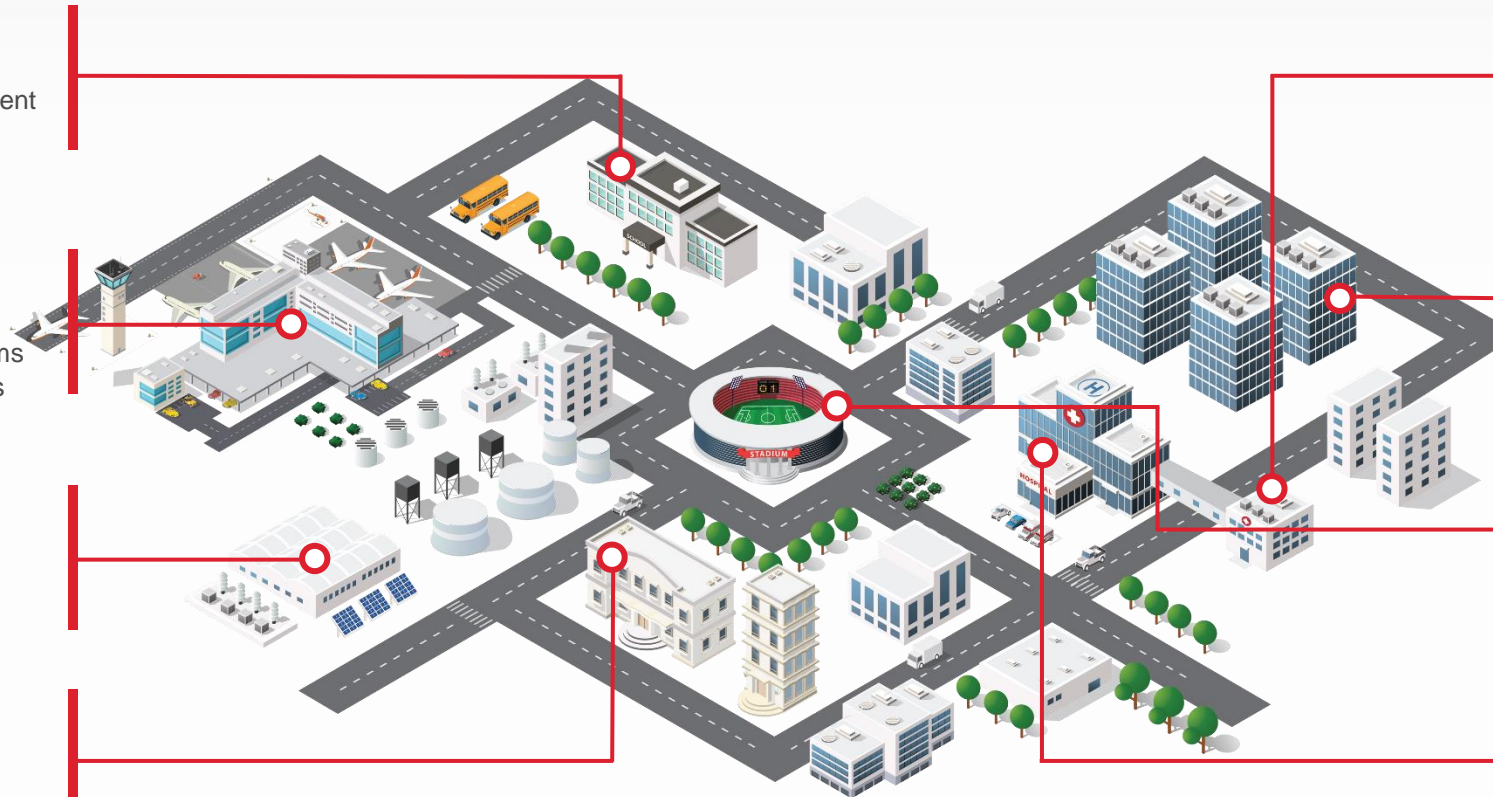
NAVITAS Software Suite  
Visual Guidance Docking Systems  
Airfield Ground Lighting Systems

## DATACENTERS

Advanced Fire Detection  
Integrated Security  
Operational Technology  
Cybersecurity

## HOSPITALITY

Guestroom Management  
Access Management  
Predictive Maintenance  
Remote Building Management



## HEALTHCARE

Connected Life Safety Services  
Nurse Call  
Real-Time Location Services

## COMMERCIAL REAL ESTATE

Indoor Air Quality Controls  
Frictionless Access  
Remote Building Management

## STADIUMS

Integrated Systems  
Digital Video Management  
Public address and voice alarm

## PHARMACEUTICALS

Access Control Solutions  
Advanced Indoor Air Quality  
Precision Pressure Control

**Delivering Safety, Sustainability, and Efficiency Through Differentiated Technology**

# ENERGY AND SUSTAINABILITY SOLUTIONS (ESS)

## FINANCIAL OVERVIEW

2023

**\$6.2B**

Sales

**23.9%**

Segment Margin

LONG TERM

**MSD - HSD**

Sales Growth

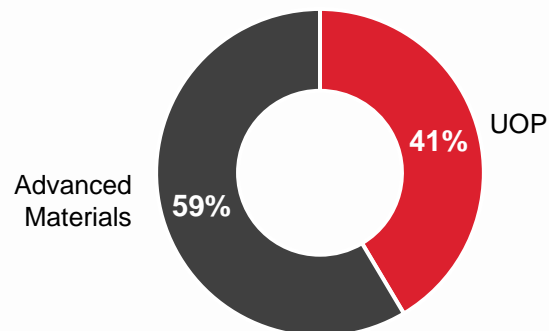
**~27%**

Segment Margin

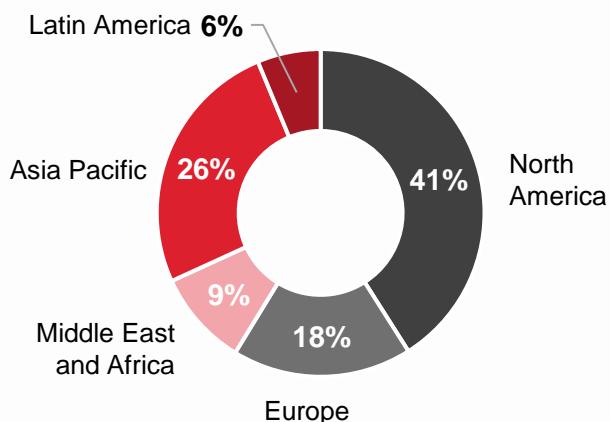
## GROWTH DRIVERS

- Energy transition is creating attractive market expansion opportunities while still maintaining demand for traditional energy and materials solutions
- Increasing global regulation is driving higher demand of ESS proprietary sustainable solutions
- Digitalization capabilities and a broad network of connected plants enables a scalable value proposition for customers

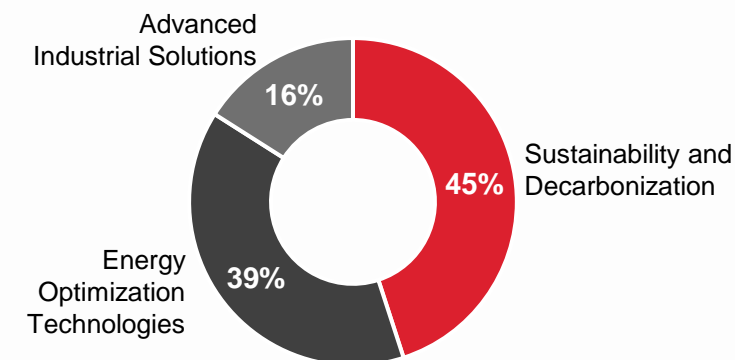
## BUSINESS MIX



## GEOGRAPHIC MIX



## VERTICAL MIX



Represents 2023 sales.

Investing in Technologies and Capabilities to Drive Above Market Growth

# ESS | WHY WE WIN

Delivering leading solutions for energy transition, greenhouse gas reduction, and conversion to sustainable materials

## STRATEGIC FOCUS



### Sustainability and Decarbonization

Enabling the transition to cleaner energy



### Energy Optimization Technologies

Improving efficiency of energy processes to enhance asset performance



### Advanced Industrial Solutions

Driving industrial material performance through innovative chemistry

## STRATEGIC GROWTH ENABLERS



Clean energy and sustainable solutions



Innovation in our large install base



Focus on the energy transition



Digitalization enabling software and services revenue



Stable core legacy technologies



Novel materials designed to solve customer problems

## COMPETITIVE ADVANTAGES



**2,500+**

Technologists and Engineers



**10,000+**

Active Patents and Applications



**70%**

CO<sub>2</sub> Addressed by ESS Technology



**100+ years**

Chemistry and Technology Innovation

Delivering the World's Future Energy and Sustainability Outcomes



# ESS | PRODUCTS AND OFFERINGS

## AUTOMOTIVE / ELECTRIC VEHICLES

- Low GWP Refrigerants
- Battery Materials

## SUPERMARKET

- Low GWP Refrigerants

## RESIDENTIAL AND COMMERCIAL BUILDINGS

- Low GWP Refrigerants
- Heat Pumps

## AIRPLANE

- Sustainable Aviation Fuel

## SEMICONDUCTOR MANUFACTURING

- Heat Spreader and Targets

## PHARMACY

- Aclar™ Recyclable Packaging

## BATTERY ENERGY STORAGE

- Long Duration Energy Storage

## GREEN H<sub>2</sub> ELECTROLYZER

- Green Hydrogen

## ENERGY TRANSPORT SHIPS

- Liquefied Natural Gas
- Liquid Organic Hydrogen Carrier

## INDUSTRIAL PLANTS – CEMENT, STEEL, AND POWER

- Carbon Capture

## BIO REFINERY AND PETROCHEMICAL PLANT

- Process Technologies
- Carbon Capture Solutions
- Hydrogen Solutions
- Catalysts and Adsorbents
- Digital Connected Solutions
- Plastic Recycling Technology

## TRUCKING

- Renewable Diesel

## CONNECTED DIGITAL SOLUTIONS

- Real Time Insights for Energy and Operational Efficiency

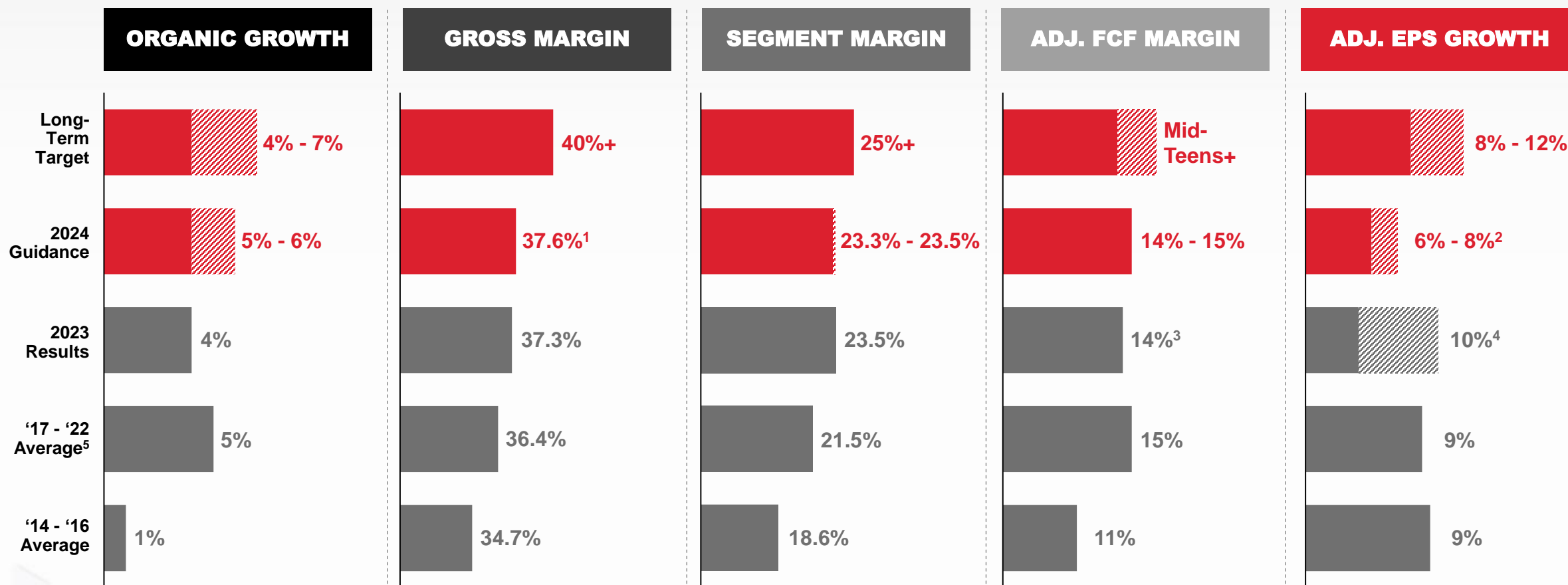
Enabling the Energy Transition Through Technology Breadth and Expertise

# FINANCIAL PERFORMANCE



**Honeywell**

# LONG-TERM FINANCIAL PROGRESSION

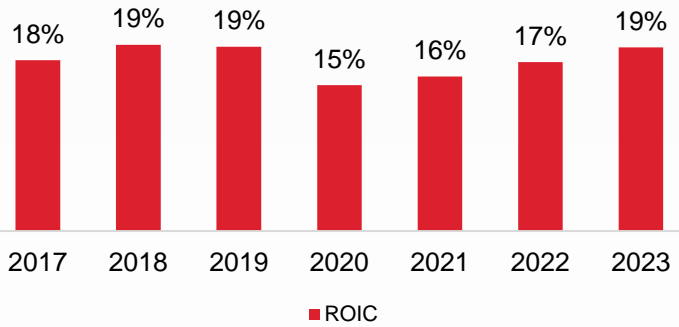


1. Represents gross margin from the last twelve months. Historical gross margin excludes company-funded R&D, in line with the reporting change made in 1Q23. 2. Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability. 3. Excluding impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. 4. Adjusted EPS excluding pension headwind excludes the impact of the year-over-year decrease in pension ongoing and other postretirement income. 5. Excluding 2020.

**Committed to Delivering on Our Long-Term Targets**

# TRUSTED CAPITAL STEWARDS

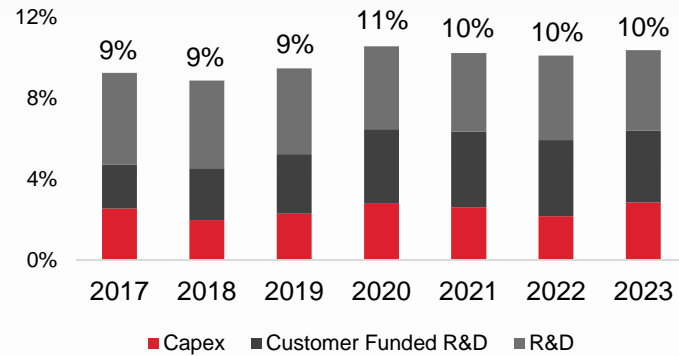
## RETURN ON INVESTED CAPITAL



- Deliberate strategy yielding consistently high returns
- Disciplined capital allocation toward inorganic opportunities

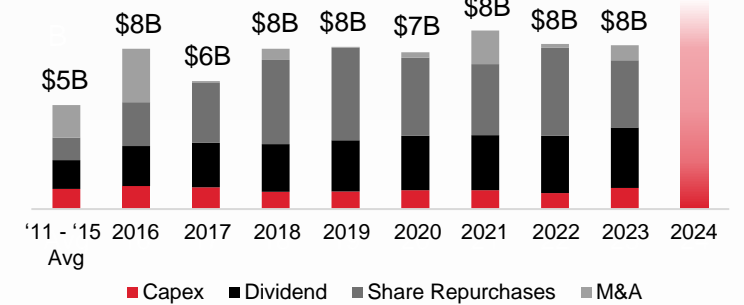
## R&D AND CAPEX SPEND

Percentage of sales



- Strategically deploying capital to R&D / capex that will position for future growth
- Investments in innovation yielding consistently high returns

## CAPITAL DEPLOYMENT

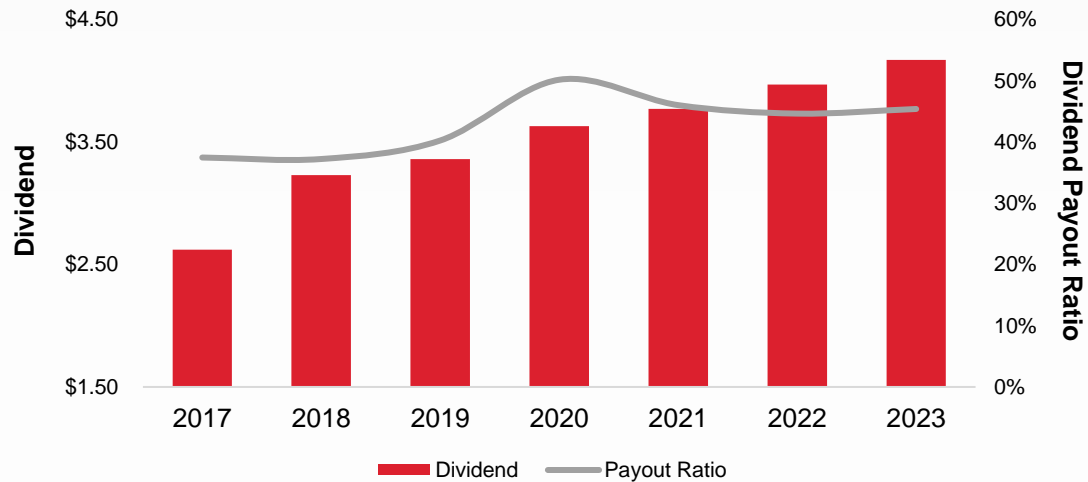


- On track to surpass commitment to deploy \$25B+ of capital through 2025

**Industry-Leading Investment Profile with Accelerating Capital Deployment**

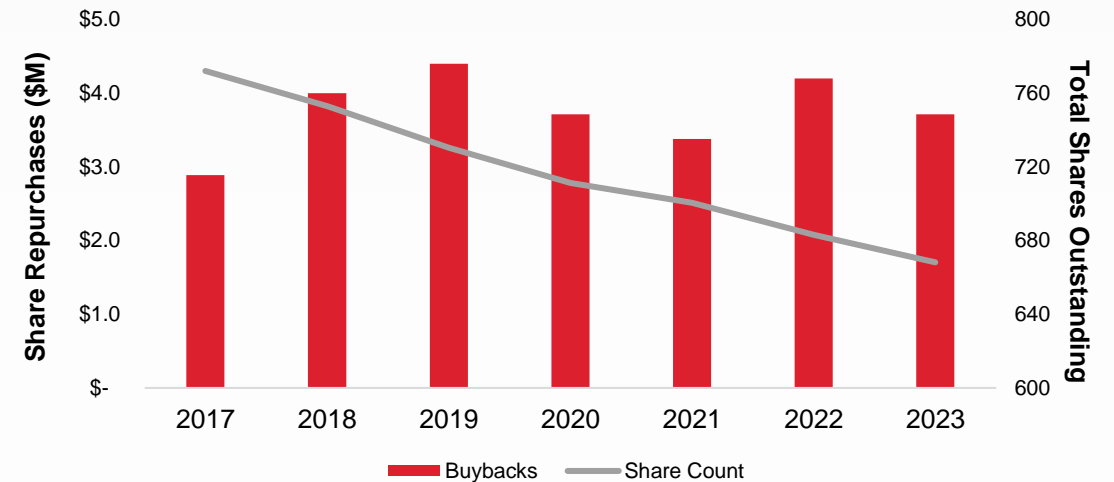
# RETURNING CASH TO SHAREHOLDERS

## DIVIDEND AND DIVIDEND PAYOUT RATIO



- Raised dividend 14 times over 13 consecutive years
- Dividend growth aligned with earnings growth

## SHARE REPURCHASES AND SHARE COUNT



- Committed to reducing share count by at least 1% per year
- Opportunistically repurchase shares
- Share count reduced by 13% or 2.4% CAGR since 2017

**Driving Value for Shareholders**

# SUMMARY

- **Well-positioned for next phase of transformation; aligned to automation, the future of aviation, and energy transition, underpinned by digitalization**
- **Focused on portfolio optimization and capital deployment to accelerate organic and inorganic growth**
- **Committed to delivering on our financial algorithm to drive superior shareholder returns**



# Appendix

# NON-GAAP FINANCIAL MEASURES

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this presentation to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP).

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 measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Other companies may calculate these non-GAAP measures differently, limiting the usefulness of these measures for comparative purposes.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Investors are urged to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate Honeywell's business.



# RECONCILIATION OF OPERATING INCOME TO SEGMENT PROFIT AND CALCULATION OF OPERATING INCOME AND SEGMENT PROFIT MARGINS

(\$M)	2014	2015	2016	2017	2018	2019	2021	2022	2023
Operating income	\$ 5,622	\$ 6,238	\$ 6,051	\$ 6,303	\$ 6,705	\$ 6,851	\$ 6,200	\$ 6,427	\$ 7,084
Stock compensation expense <sup>(1)</sup>	187	175	184	176	175	153	217	188	202
Repositioning, Other <sup>(2,3)</sup>	590	569	674	962	1,100	598	636	942	952
Pension and other postretirement service costs <sup>(4)</sup>	297	274	277	249	210	137	159	132	66
Amortization of acquisition-related intangibles	257	211	304	398	395	415	465	333	292
Acquisition-related costs <sup>(5)</sup>	—	—	—	—	—	—	—	—	2
<b>Segment profit</b>	<b>\$ 6,953</b>	<b>\$ 7,467</b>	<b>\$ 7,490</b>	<b>\$ 8,088</b>	<b>\$ 8,585</b>	<b>\$ 8,154</b>	<b>\$ 7,677</b>	<b>\$ 8,022</b>	<b>\$ 8,598</b>
Operating income	\$ 5,622	\$ 6,238	\$ 6,051	\$ 6,303	\$ 6,705	\$ 6,851	\$ 6,200	\$ 6,427	\$ 7,084
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466	\$ 36,662
<b>Operating income margin %</b>	<b>14.0 %</b>	<b>16.2 %</b>	<b>15.4 %</b>	<b>15.6 %</b>	<b>16.0 %</b>	<b>18.7 %</b>	<b>18.0 %</b>	<b>18.1 %</b>	<b>19.3 %</b>
Segment profit	\$ 6,953	\$ 7,467	\$ 7,490	\$ 8,088	\$ 8,585	\$ 8,154	\$ 7,677	\$ 8,022	\$ 8,598
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466	\$ 36,662
<b>Segment profit margin %</b>	<b>17.3 %</b>	<b>19.4 %</b>	<b>19.1 %</b>	<b>20.0 %</b>	<b>20.5 %</b>	<b>22.2 %</b>	<b>22.3 %</b>	<b>22.6 %</b>	<b>23.5 %</b>

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the twelve months ended December 31, 2022, other charges include an expense of \$250 million related to reserves against outstanding accounts receivables, contract assets, and inventory, as well as the write-down of other assets and employee severance related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2022, and 2021, other charges includes \$41 million and \$105 million, respectively, of incremental long-term contract labor cost inefficiencies due to severe supply chain disruptions (attributable to the COVID-19 pandemic) relating to the warehouse automation business within the historical Safety and Product Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized when total estimated costs at completion for certain of the business' long-term contracts exceeded total estimated revenue. These certain costs represent unproductive labor costs due to unexpected supplier delays and the resulting downstream installation issues, demobilization and remobilization of contract workers, and resolution of contractor disputes.

(3) Included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.

(4) Included in Cost of products and services sold and Selling, general and administrative expenses.

(5) Includes acquisition-related fair value adjustments to inventory.

We define operating income as net sales less total cost of products and services sold, research and development expenses, and selling, general and administrative expenses. We define segment profit, on an overall Honeywell basis, as operating income, excluding stock compensation expense, pension and other postretirement service costs, amortization of acquisition-related intangibles, certain acquisition-related costs, and repositioning and other charges. We define segment profit margin, on an overall Honeywell basis, as segment profit divided by net sales. 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 operating income to segment profit, on an overall Honeywell basis, has not been provided for all forward-looking measures of segment profit and segment margin included herein. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. 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 operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle, and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF ORGANIC SALES % CHANGE

	2002	2003	2004	2005	2006	2007	2008
<b>Honeywell</b>							
Reported sales % change	(6)%	4%	11%	8%	13%	10%	6%
Less: Foreign currency translation	1%	3%	3%	—%	—%	2%	1%
Less: Acquisitions, divestitures and other, net	(3)%	1%	—%	3%	6%	1%	3%
<b>Organic sales % change</b>	<b>(4)%</b>	<b>—%</b>	<b>8%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>2%</b>
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Honeywell</b>							
Reported sales % change	8%	13%	3%	4%	3%	(4)%	2%
Less: Foreign currency translation	—%	2%	(2)%	—%	—%	(4)%	(1)%
Less: Acquisitions, divestitures and other, net	1%	3%	2%	2%	—%	—%	4%
<b>Organic sales % change</b>	<b>7%</b>	<b>8%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>—%</b>	<b>(1)%</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
<b>Honeywell</b>							
Reported sales % change	3%	3%	(12)%	5%	3%	3%	
Less: Foreign currency translation	—%	1%	(1)%	1%	(3)%	(1)%	
Less: Acquisitions, divestitures and other, net	(1)%	(4)%	(16)%	—%	—%	—%	
<b>Organic sales % change</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>	<b>6%</b>	<b>4%</b>	

We define organic sales percentage as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures, for the first 12 months following the transaction date. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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.

# RECONCILIATION OF EPS TO ADJUSTED EPS AND ADJUSTED EPS EXCLUDING PENSION HEADWIND

	2022	2023	2024E
Earnings per share of common stock - diluted <sup>(1)</sup>	\$ 7.27	\$ 8.47	\$9.48 - \$9.68
Pension mark-to-market expense <sup>(2)</sup>	0.64	0.19	No Forecast
Amortization of acquisition-related intangibles <sup>(3)</sup>	0.39	0.35	0.48
Acquisition-related costs <sup>(4)</sup>	—	0.01	0.07
Expense related to UOP Matters <sup>(5)</sup>	0.07	—	—
Russian-related charges <sup>(6)</sup>	0.43	—	0.02
Gain on sale of Russian entities <sup>(7)</sup>	(0.03)	—	—
Net expense related to the NARCO Buyout and HWI Sale <sup>(8)</sup>	0.38	0.01	—
Adjustment to estimated future Bendix liability <sup>(9)</sup>	—	0.49	—
Adjusted earnings per share of common stock - diluted	<u>\$ 9.15</u>	<u>\$ 9.52</u>	<u>\$10.05 - \$10.25</u>
Pension headwind <sup>(10)</sup>	—	0.55	No Forecast
Adjusted earnings per share of common stock excluding Pension headwind - diluted	<u>\$ 9.15</u>	<u>\$ 10.07</u>	<u>\$10.05 - \$10.25</u>

(1) For the twelve months ended December 31, 2023, and 2022, adjusted earnings per share utilizes weighted average shares of approximately 668.2 million and 683.1 million, respectively. For the twelve months ended December 31, 2024, expected earnings per share utilizes weighted average shares of approximately 655 million.

(2) Pension mark-to-market expense uses a blended tax rate of 18%, net of tax benefit of \$27 million, for 2023 and a blended tax rate of 16%, net of tax benefit of \$83 million, for 2022.

(3) For twelve months ended December 31, 2023, and 2022, acquisition-related intangibles amortization includes \$231 million and \$264 million, net of tax benefit of approximately \$61 million and \$69 million, respectively. For the twelve months ended December 31, 2024, expected acquisition-related intangibles amortization includes approximately \$315 million, net of tax benefit of approximately \$85 million.

(4) For the twelve months ended December 31, 2023, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$7 million, net of tax benefit of approximately \$2 million. For the twelve months ended December 31, 2024, the expected adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$45 million, net of tax benefit of approximately \$15 million.

(5) For the twelve months ended December 31, 2022, the adjustment was an expense of \$45 million, without tax benefit, due to an expense related to UOP matters.

(6) For the twelve months ended December 31, 2023, the adjustment was a benefit of \$3 million, without tax expense. For the twelve months ended December 31, 2022, the adjustment was \$297 million, without tax benefit, to exclude charges and the accrual of reserves related to outstanding accounts receivable, contract assets, impairment of intangible assets, foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and called guarantees related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2024, the expected adjustment is a \$17 million expense, without tax benefit, due to the settlement of a contractual dispute with a Russian entity associated with the Company's suspension and wind down activities in Russia.

(7) For the twelve months ended December 31, 2022, the adjustment was \$22 million, without tax expense, due to the gain on sale of Russian entities.

(8) For the twelve months ended December 31, 2023, the adjustment was \$8 million, net of tax benefit of \$3 million, due to the net expense related to the NARCO Buyout and HWI Sale. For the twelve months ended December 31, 2022, the adjustment was \$260 million, net of tax benefit of \$82 million, due to the net expense related to the NARCO Buyout and HWI Sale.

(9) Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the twelve months ended December 31, 2023, the adjustment was \$330 million, net of tax benefit of \$104 million, (or \$434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The \$434 million pre-tax amount is attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.

(10) For the twelve months ended December 31, 2023, the adjustment was the decline of \$378 million of pension ongoing and other postretirement income between 2022 and 2023, net of tax expense of \$99 million.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We define adjusted earnings per share excluding pension headwind as adjusted earnings per share adjusted for an actual decline of pension ongoing and other postretirement income between the comparative periods in 2022 and 2023. We believe adjusted earnings per share and adjusted earnings per share excluding pension headwind are measures that are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward-looking information, 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. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments, and other relevant factors, these assumptions are subject to change.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and is not on a predictable cycle and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF EPS TO ADJUSTED EPS

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Earnings per share of common stock - diluted <sup>(1)</sup>	\$ 4.92	\$ 5.33	\$ 6.04	\$ 6.21	\$ 2.00	\$ 8.98	\$ 8.41	\$ 6.72	\$ 7.91
Pension mark-to-market expense <sup>(2)</sup>	0.05	0.23	0.06	0.28	0.09	0.04	0.13	0.04	0.05
Amortization of acquisition-related intangibles <sup>(3)</sup>	0.29	0.24	0.20	0.29	0.41	0.41	0.45	0.40	0.52
Debt refinancing expense <sup>(2)</sup>	—	—	—	0.12	—	—	—	—	—
Separation costs <sup>(4)</sup>	—	—	—	—	0.02	0.97	—	—	—
Impacts from U.S. Tax Reform	—	—	—	—	5.04	(1.98)	(0.38)	—	—
Separation related tax adjustment <sup>(5)</sup>	—	—	—	—	—	—	—	(0.26)	—
Garrett related adjustments <sup>(6)</sup>	—	—	—	—	—	—	—	0.60	0.01
Changes in fair value for Garrett equity securities <sup>(7)</sup>	—	—	—	—	—	—	—	—	(0.03)
Gain on sale of retail footwear business <sup>(8)</sup>	—	—	—	—	—	—	—	—	(0.11)
Expense related to UOP Matters <sup>(9)</sup>	—	—	—	—	—	—	—	—	0.23
<b>Adjusted earnings per share of common stock - diluted</b>	<b>\$ 5.26</b>	<b>\$ 5.80</b>	<b>\$ 6.30</b>	<b>\$ 6.90</b>	<b>\$ 7.56</b>	<b>\$ 8.42</b>	<b>\$ 8.61</b>	<b>\$ 7.50</b>	<b>\$ 8.58</b>

- (1) Adjusted earnings per share utilizes weighted average shares of 700.4 million, 711.2 million, 730.3 million, 753.0 million, 772.1 million, 775.3 million, 789.3 million, 795.2 million, and 797.3 million for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.
- (2) Pension mark-to-market expense uses a blended tax rate of 25%, 25%, 24%, 24%, 23%, 21%, 36.1%, 28.1%, and 25.5% for 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively. Debt refinancing expense uses a tax rate of 26.5%.
- (3) Acquisition-related intangibles amortization includes \$363 million, \$284 million, \$327 million, \$307 million, \$314 million, \$224 million, \$155 million, \$191 million, and \$233 million, net of tax benefit of approximately \$102 million, \$74 million, \$88 million, \$88 million, \$84 million, \$80 million, \$56 million, \$66 million, and \$86 million, for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.
- (4) For the twelve months ended December 31, 2018, and 2017, separation costs were \$732 million and \$14 million, respectively, including net tax impacts.
- (5) For the twelve months ended December 31, 2020, separation-related tax adjustment of \$186 million includes the favorable resolution of a foreign tax matter related to the spin-off transactions.
- (6) For the twelve months ended December 31, 2021, the adjustment was \$7 million, without tax benefit, due to a non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021. For the twelve months ended December 31, 2020, the adjustment was \$427 million, net of tax benefit of \$5 million, due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett, net of proceeds from settlement of related hedging transactions.
- (7) For the twelve months ended December 31, 2021, the adjustment was \$19 million, net of tax expense of \$5 million, due to changes in fair value for Garrett equity securities.
- (8) For the twelve months ended December 31, 2021, the adjustment was \$76 million, net of tax expense of \$19 million, due to the gain on sale of the retail footwear business.
- (9) For the twelve months ended December 31, 2021, the adjustment was \$160 million, without tax benefit, due to an expense related to UOP matters.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We believe adjusted earnings per share is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and is not on a predictable cycle and we make no comment as to when or whether any future acquisitions may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE TO HONEYWELL

(\$M)	2017	2018	2019	2020	2021	2022	2023
Net income attributable to Honeywell	\$ 1,545	\$ 6,765	\$ 6,143	\$ 4,779	\$ 5,542	\$ 4,966	\$ 5,658
Pension mark-to-market expense <sup>(1)</sup>	67	28	94	33	30	440	126
Amortization of acquisition-related intangibles <sup>(2)</sup>	314	307	327	284	363	264	231
Acquisition-related costs <sup>(3)</sup>	—	—	—	—	—	—	7
Impacts from U.S. Tax Reform	3,891	(1,494)	(281)	—	—	—	—
Separation costs <sup>(4)</sup>	14	732	—	—	—	—	—
Separation related tax adjustment <sup>(5)</sup>	—	—	—	(186)	—	—	—
Garrett related adjustments <sup>(6)</sup>	—	—	—	427	7	—	—
Changes in fair value of Garrett equity securities <sup>(7)</sup>	—	—	—	—	(19)	—	—
Gain on sale of retail footwear business <sup>(8)</sup>	—	—	—	—	(76)	—	—
Expense related to UOP Matters <sup>(9)</sup>	—	—	—	—	160	45	—
Russian-related charges <sup>(10)</sup>	—	—	—	—	—	297	(3)
Gain on sale of Russian entities <sup>(11)</sup>	—	—	—	—	—	(22)	—
Net expense related to the NARCO Buyout and HWI Sale <sup>(12)</sup>	—	—	—	—	—	260	8
Adjustment to estimated future Bendix liability <sup>(13)</sup>	—	—	—	—	—	—	330
<b>Adjusted net income attributable to Honeywell</b>	<b>\$ 5,831</b>	<b>\$ 6,338</b>	<b>\$ 6,283</b>	<b>\$ 5,337</b>	<b>\$ 6,007</b>	<b>\$ 6,250</b>	<b>\$ 6,357</b>

- (1) Pension mark-to-market expense uses a blended tax rate of 18%, 16%, 25%, 25%, 24%, 24%, and 23%, net of tax benefit of \$27 million, \$83 million, \$10 million, \$11 million, \$29 million, \$9 million, and \$20 million for the years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, and 2017, respectively.
- (2) Acquisition-related intangibles amortization includes \$231 million, \$264 million, \$363 million, \$284 million, \$327 million, \$307 million, and \$314 million, net of tax benefit of approximately \$61 million, \$69 million, \$102 million, \$74 million, \$88 million, \$88 million, and \$84 million, for the years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, and 2017, respectively.
- (3) For the twelve months ended December 31, 2023, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$7 million, net of tax benefit of approximately \$2 million.
- (4) For the years ended December 31, 2018 and 2017, the adjustments were \$732 million and \$14 million, net of tax impact of \$411 million and \$2 million, respectively, for separation costs.
- (5) For the year ended December 31, 2020, the separation-related tax adjustment was \$186 million and includes the favorable resolution of a foreign tax matter related to the spin-off transactions.
- (6) For the year ended December 31, 2021, the adjustment was \$7 million, without tax expense, due to a non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021. For the years ended December 31, 2020, the adjustment was \$427 million, net of tax benefit of \$5 million, due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett, net of proceeds from settlement of related hedging transactions.
- (7) For the year ended December 31, 2021, the adjustment was \$19 million, net of tax impact of \$5 million, due to changes in fair value for Garrett equity securities.
- (8) For the year ended December 31, 2021, the adjustment was \$76 million, net of tax impact of \$19 million, due to the gain on sale of the retail footwear business.
- (9) For the years ended December 31, 2022, and 2021, the adjustments were \$45 million and \$160 million, respectively, without tax expense, due to an expense related to UOP matters.
- (10) For the year ended December 31, 2023, the adjustment was a benefit of \$3 million, without tax expense. For the year ended December 31, 2022, the adjustment was \$297 million, without tax benefit, to exclude charges and the accrual of reserves related to outstanding accounts receivable, contract assets, impairment of intangible assets, foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and called guarantees related to the initial suspension and wind down of our businesses and operations in Russia.
- (11) For the years ended December 31, 2022, the adjustment was \$22 million, without tax expense, due to the gain on sale of Russian entities.
- (12) For the years ended December 31, 2023, and 2022, the adjustments were \$8 million and \$260 million, net of tax benefit of \$3 million and \$82 million, respectively, due to the net expense related to the NARCO Buyout and HWI Sale.
- (13) Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the three and twelve months ended December 31, 2023, the adjustment was \$330 million, net of tax benefit of \$104 million, (or \$434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The \$434 million pre-tax amount is attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.

We define adjusted net income attributable to Honeywell as net income attributable to Honeywell, adjusted to exclude various charges as listed above. We believe adjusted net income attributable to Honeywell is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

# CALCULATION OF RETURN ON INVESTED CAPITAL

(\$M)	2017	2018	2019	2020	2021	2022	2023
Adjusted net income attributable to Honeywell	\$ 5,831	\$ 6,338	\$ 6,283	\$ 5,337	\$ 6,007	\$ 6,250	\$ 6,357
Interest and other financial charges	316	367	357	359	343	414	765
Tax attributable to interest expense <sup>(1)</sup>	(69)	(82)	(76)	(83)	(77)	(86)	(160)
Adjusted net income before interest	<u>\$ 6,078</u>	<u>\$ 6,623</u>	<u>\$ 6,564</u>	<u>\$ 5,613</u>	<u>\$ 6,273</u>	<u>\$ 6,578</u>	<u>\$ 6,962</u>
Long-term debt <sup>2</sup>	\$ 12,378	\$ 11,165	\$ 10,433	\$ 13,726	\$ 15,298	\$ 14,689	\$ 15,843
Current maturities of long-term debt <sup>(2)</sup>	789	2,112	2,124	1,911	2,124	1,767	1,763
Commercial paper and other short-term borrowings <sup>(2)</sup>	3,662	3,772	3,551	3,557	3,570	3,130	2,401
Total shareowners' equity <sup>(2)</sup>	17,774	17,512	18,532	18,248	18,516	18,281	16,877
Net investment (two-point average)	<u>\$ 34,603</u>	<u>\$ 34,561</u>	<u>\$ 34,640</u>	<u>\$ 37,442</u>	<u>\$ 39,508</u>	<u>\$ 37,867</u>	<u>\$ 36,884</u>
Return on invested capital	<u>18 %</u>	<u>19 %</u>	<u>19 %</u>	<u>15 %</u>	<u>16 %</u>	<u>17 %</u>	<u>19 %</u>

(1) Tax attributable to interest expense uses rates of 20.9%, 20.8%, 22.5%, 23.2%, 21.3%, 22.3%, and 21.7% for 2023, 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

(2) Long-term debt, Current maturities of long-term debt, Commercial paper and other short-term borrowings, and Total shareowner's equity amounts are calculated as the average of the balance of each in the current year and year immediately preceding.

We calculate adjusted net income before interest by taking adjusted net income attributable to Honeywell and adjusting for items as listed above. We calculate net investment (two-point average) as the sum of the two-year averages of the balance sheet categories listed above. We calculate return on invested capital (ROIC) by dividing adjusted net income before interest by net investment (two-point average) calculations presented above. We believe ROIC is a measure that is useful to investors and management in understanding our ability to generate growth on investments made in our business.

We believe ROIC should be considered in addition to, not as a substitute for, operating income or loss, net income or loss, cash flows provided by or used in operating, investing, and financing activities, or other income statement or cash flow statement line items reported in accordance with GAAP. Other companies may calculate ROIC differently than we do, which may limit its usefulness as a comparative measure.

# RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND FREE CASH FLOW EXCLUDING IMPACT OF SETTLEMENTS AND CALCULATION OF FREE CASH FLOW MARGIN EXCLUDING IMPACT OF SETTLEMENTS

(\$M)	2023
Cash provided by operating activities	\$ 5,340
Capital expenditures	(1,039)
Garrett cash receipts	—
Free cash flow	<u>4,301</u>
Impact of settlements <sup>(1)</sup>	<u>1,001</u>
Free cash flow excluding impact of settlements	<u>\$ 5,302</u>
Cash provided by operating activities	\$ 5,340
÷ Net sales	<u>\$ 36,662</u>
Operating cash flow margin %	<u>15 %</u>
Free cash flow excluding impact of settlements	\$ 5,302
÷ Net sales	<u>\$ 36,662</u>
Free cash flow margin excluding impact of settlements %	<u>14 %</u>

(1) For the twelve months ended December 31, 2023, impact of settlements was \$1,001 million, net of tax benefit of \$252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define free cash flow excluding impact of settlements as free cash flow less settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. We define free cash flow margin excluding impact of settlements as free cash flow excluding impact of settlements divided by net sales.

We believe that free cash flow, free cash flow excluding impact of settlements, and adjusted free cash flow margin are non-GAAP measures that are useful to investors and management as a measure of cash generated by 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. These measures can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.

# RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW AND CALCULATION OF ADJUSTED FREE CASH FLOW MARGIN

(\$M)	2014	2015	2016	2017	2018	2019	2021	2022
Cash provided by operating activities	\$ 5,080	\$ 5,519	\$ 5,498	\$ 5,966	\$ 6,434	\$ 6,897	\$ 6,038	\$ 5,274
Capital expenditures	(1,094)	(1,073)	(1,095)	(1,031)	(828)	(839)	(895)	(766)
Garrett cash receipts	—	—	—	—	—	—	586	409
Free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 5,606	\$ 6,058	\$ 5,729	\$ 4,917
Separation cost payments	—	—	—	—	424	213	—	—
Adjusted free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 6,030	\$ 6,271	\$ 5,729	\$ 4,917
Cash provided by operating activities	\$ 5,080	\$ 5,519	\$ 5,498	\$ 5,966	\$ 6,434	\$ 6,897	\$ 6,038	\$ 5,274
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Operating cash flow margin %	13 %	14 %	14 %	15 %	15 %	19 %	18 %	15 %
Adjusted free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 6,030	\$ 6,271	\$ 5,729	\$ 4,917
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Adjusted free cash flow margin %	10 %	12 %	11 %	12 %	14 %	17 %	17 %	14 %

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define adjusted free cash flow as free cash flow plus separation cost payments. We define adjusted free cash flow margin as adjusted free cash flow divided by net sales.

We believe that free cash flow, adjusted free cash flow, and adjusted free cash flow margin are non-GAAP measures that are useful to investors and management as a measure of cash generated by 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. These measures can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.



# Honeywell