



July 22, 2016

HONEYWELL SECOND QUARTER 2016
Earnings Release

Honeywell

Forward Looking Statements

This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements 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. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. 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.

Definition Of Core Organic

Throughout this presentation, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the Resins & Chemicals business of PMT. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth. A reconciliation of core organic sales growth to reported sales growth is provided in the Appendix.

Highlights

2Q16

- Sales Of \$10.0B In-Line, Driven By Aero Aftermarket, Security & Fire, Process Solutions And TS
- Segment Margin **+10** bps... **+110** bps Operational Improvement
- EPS Up **10%** To \$1.66, Including ~\$53M Of Net Restructuring Funding

FY16

- Initiating 3Q16 EPS Guidance Of \$1.67 - \$1.72, Up **6% - 10%** Normalized For Tax*
- 2H16 Core Organic Growth Acceleration; Margin Expansion Improving, Net Of M&A
- Raising Low End Of 2016 EPS Guidance By 5c To \$6.60 - \$6.70, Up **8% - 10%****

Other Items

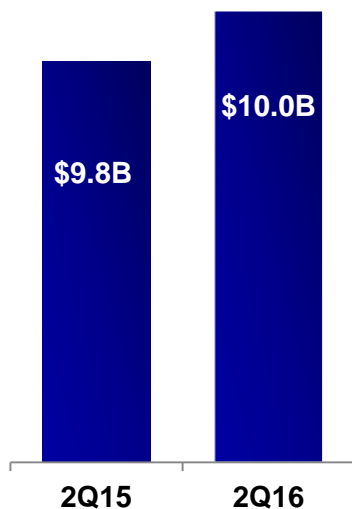
- Darius Adamczyk To Become CEO On March 31st, 2017; Dave Cote To Be Executive Chairman Until April 2018
- Signed Agreement To Acquire Intelligrated For \$1.5B; AdvanSix Spin-Off To Be Completed By End Of Year
- ACS To Be Realigned Into Two Reporting Segments, Providing Greater Customer And Growth Focus

*Normalized EPS V% Adjusted to Expected Full Year 2016 Tax Rate of 26.5%; **EPS, V% Exclude Pension Mark-To-Market Adjustment

2Q 2016 Financial Summary

Sales

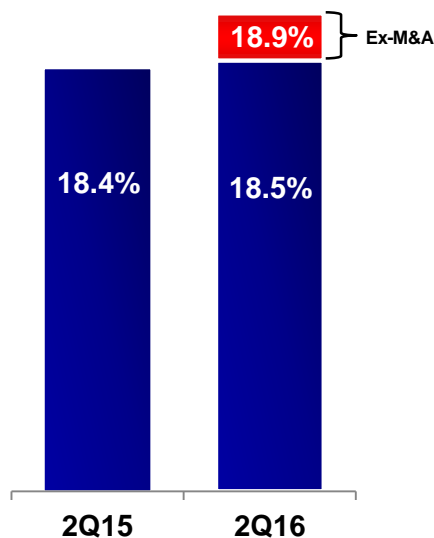
Up 2%
Reported



- Core Organic Down 2%
- Growth In Aero Aftermarket, HSF, HPS, TS; UOP Declines As Expected

Segment Margin

Up 50 bps
Ex-M&A



- **+110 bps** Operational Improvement
- Segment Profit \$1.8B, Up **2%**
- Headwinds: M&A, OEM Incentives, F/X

EPS

Up 10%



- Executing In Slow Growth Environment
- New Restructuring Funding (**\$97M**)
- Continued Share Repurchases (**~\$0.5B**)

FCF

~100%
FCF
Conversion



- Cash Flow From Operations Up 10%
- CapEx Up 16%

FCF = Cash Flow From Operations Less Capital Expenditures

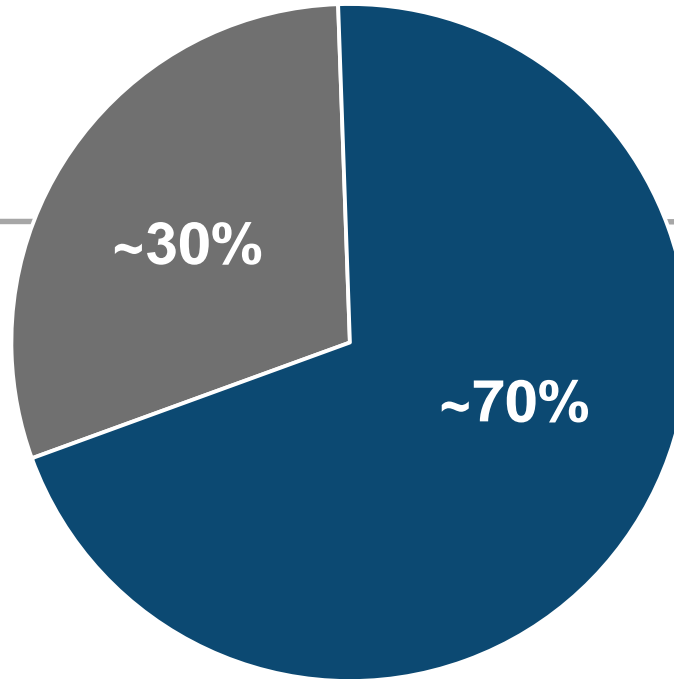
HON Portfolio – Diversity Of Opportunity

% Of Total Sales

(13%)

Core Organic Growth YTD

- UOP
- Sensing & Productivity Solutions
- Defense & Space
- Resins & Chemicals

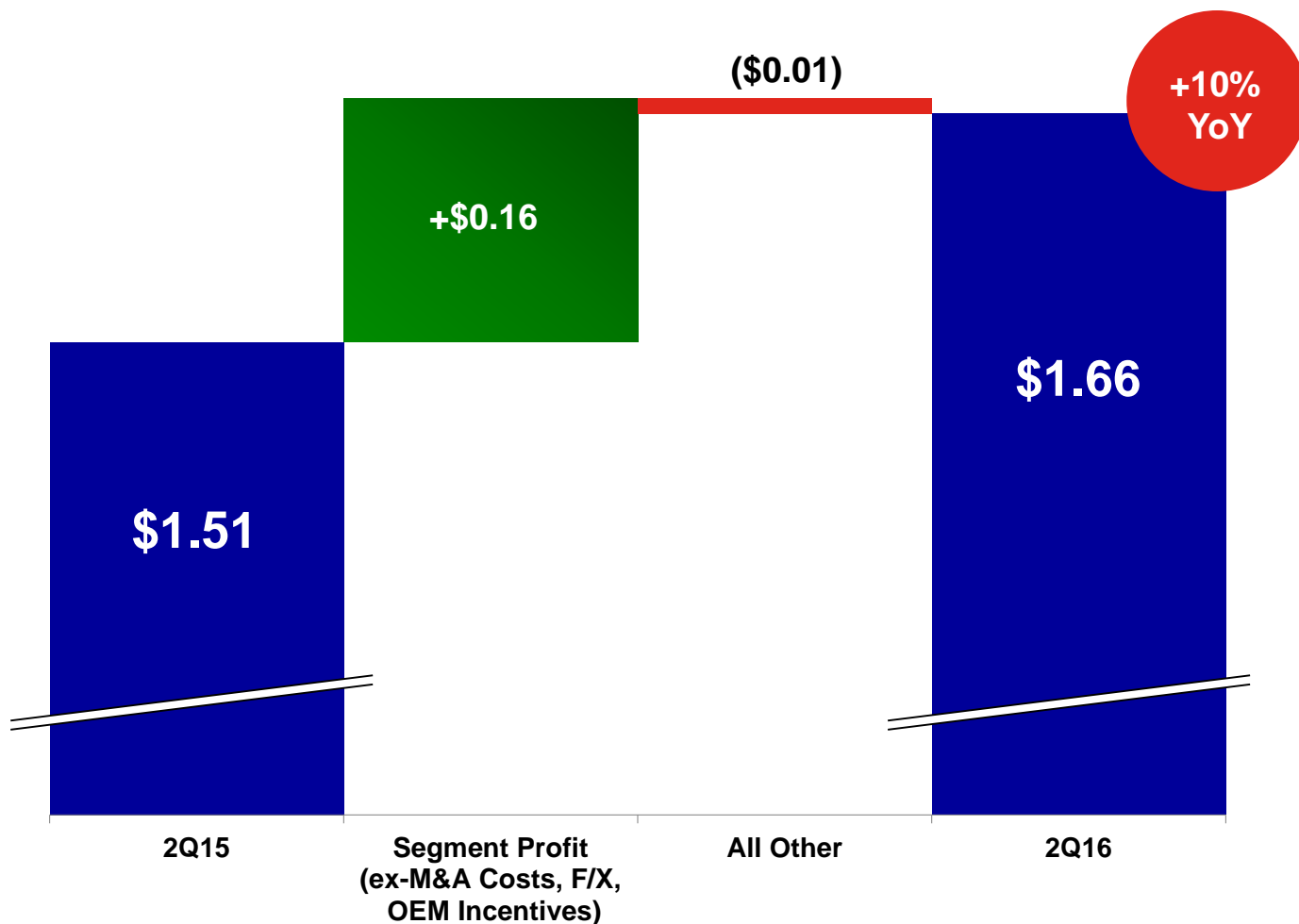


+5%

Core Organic Growth YTD

- Fluorine Products
- Security & Fire
- Process Solutions
- Transportation Systems
- Building Solutions
- Comm'l Aviation
- Environmental & Energy Solutions
- Industrial Safety
- Specialty Products

2Q 2016 EPS Bridge



Segment Profit

- HOS Gold
- New Product Introductions
- Commercial Excellence
- Productivity, Net Of Inflation
- Earnings From M&A, All Deals On Plan

All Other

- M&A Costs
- F/X
- OEM Incentives
- + Below-The-Line Items
- + Share Count

Acquisition Of Intelligrated

Transaction

\$1.5B

Purchase Price

~12x

2016E EBITDA

~\$900M

2016E Sales

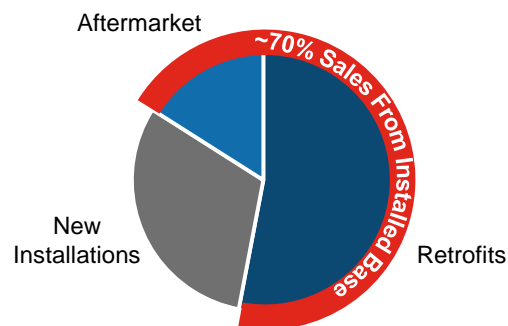
- Principally Funded With Debt
- Expected To Close By End Of 3Q16
- Subject To Customary Closing Conditions (i.e. Regulatory Review)
- Impact To 2016 And 2017 EPS Minor

Overview

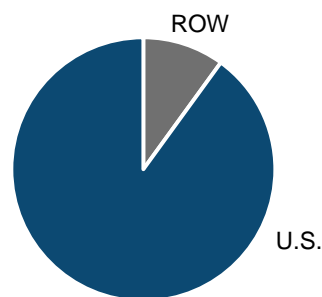
- Headquartered In Mason, Ohio
- 3,100+ Employees Across U.S., Canada, Mexico And Brazil
- Designs, Manufactures, Integrates And Installs Complete Warehouse Automation Solutions, Software And Services
- Large And Growing Installed Base Including 30 Of Top 50 U.S. Retailers, And 50 Of Top 100 Internet Retailers

Portfolio

By Offering



By Region



Strategic Rationale

Good Industry

- Aligns To Global Megatrends (e-Commerce, Software / Automation)
- ~\$20B Warehouse Automation Market, Growing 8%-10% Per Year
- Massive Investment Cycle Occurring

Great Position

- Aligns Well To Existing S&PS Business, Similar Customers
- Large And Growing Installed Base (>\$5B)
- Significant Pull-Through, Global Expansion Opportunities

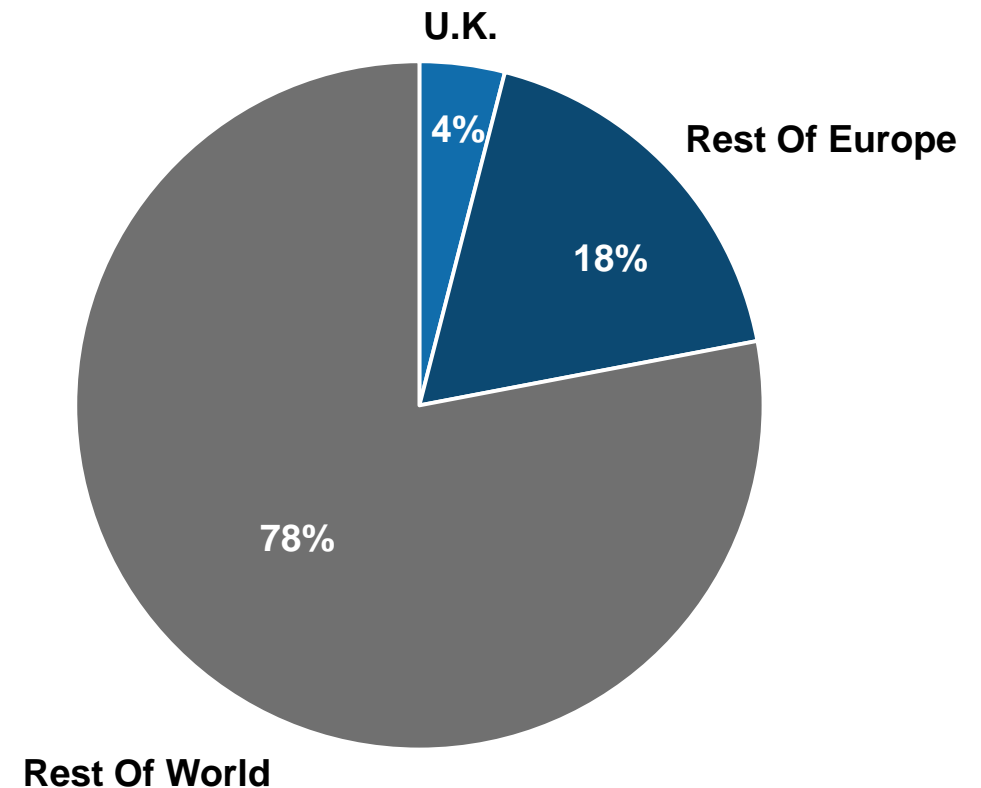
Britain's Exit From European Union

Potential Impacts / HON Position

- Greater Uncertainty Short Term
- Slower U.K. And EU GDP Growth Long Term
- Continue To Monitor Europe Short Cycle, Remain Guarded On Investments
- 2016 Euro Hedges Protect Profit (~1.10)
- New Hedges Implemented For 2017:
 - ~75% Of Euro Hedged At ~1.15
 - ~50% Of GBP Hedged At ~1.44

Sales By Region

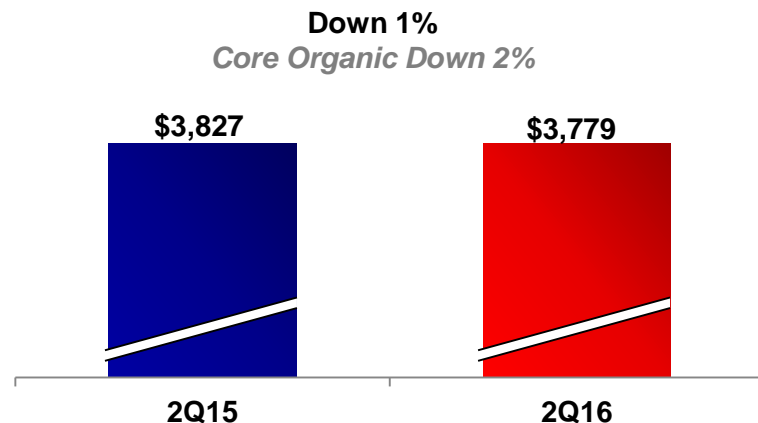
Reflects % Of HON 2015 Sales



Aerospace

Sales

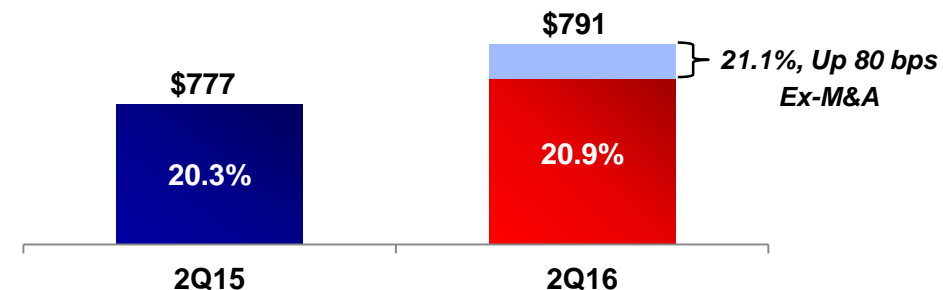
(\$M)



- **Comm'l Aviation OE Down 9%, Core Organic Down 8%**
 - Higher ATR Shipments; BGA Softening, Tough Comps
 - Unfavorable Impact Of OEM Incentives
- **Comm'l Aviation AM Up 6%, Core Organic Up 6%**
 - Strong Spares Demand, Continued R&O Growth
- **D&S Down 7%, Core Organic Down 10%**
 - Comm'l Helo, Space, And U.S. Services Weakness
 - Tough Int'l Comps
- **TS Up 5%, Core Organic Up 3%**
 - New Platform Launches, Higher Global Turbo Penetration

Segment Margin

Up 60 bps

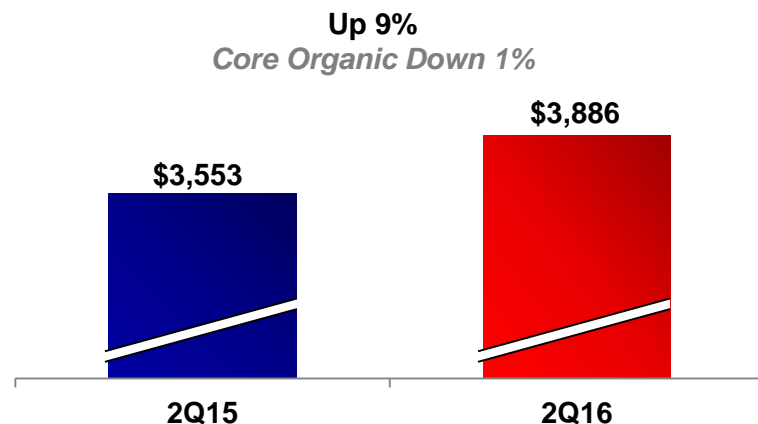


- **Segment Profit Up 2%**
- **Segment Margin Up 60 bps**
 - + Productivity Net Of Inflation
 - + Commercial Excellence
 - Continued Growth Investments Incl. OEM Incentives
 - Stronger U.S. Dollar
 - Acquisition Amortization / Integration Costs

Automation and Control Solutions

Sales

(\$M)

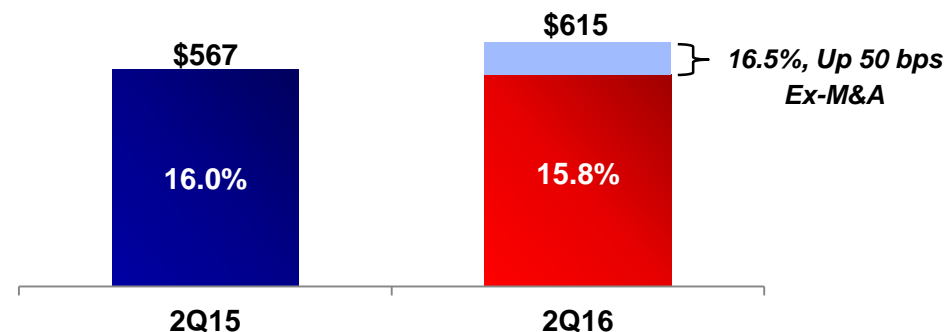


- **ESS Up 13%, Core Organic Down 2%**
 - Security And Fire Growth Continues
 - China Core Organic Up High Single Digit, India Up Double Digit
 - Sensing & Productivity Solutions Tough Comps As Expected
 - Favorable Impact From Acquisitions
- **BSD Up 1%, Core Organic Up 3%**
 - Continued Americas Distribution Strength
 - Building Solutions Services Growth
 - Modest Organic Backlog And Service Bank Growth

Note: BSD Reported Sales Growth Reflects Smart Grid Solutions Business Reclassified To ESS From BSD

Segment Margin

Down 20 bps



- **Segment Profit Up 8%**
- **Segment Margin Down 20 bps**
 - + Productivity Net Of Inflation
 - + Restructuring Benefits
 - + Commercial Excellence
 - Continued Growth Investments
 - Acquisition Amortization / Integration Costs
 - Higher BSD Sales

ACS Realignment

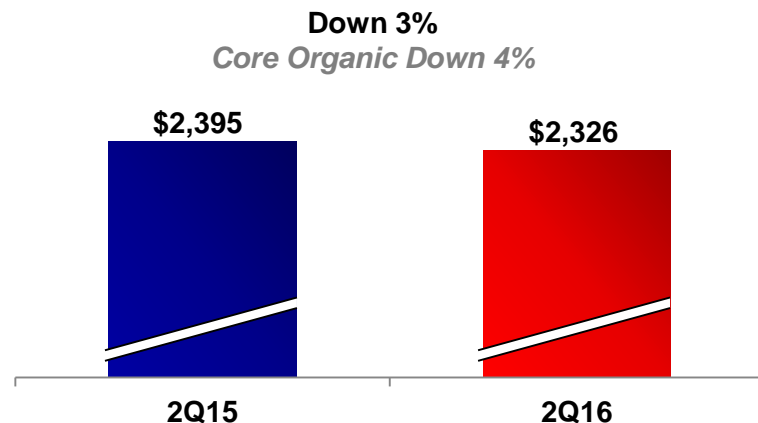
	Safety And Productivity Solutions (SPS)		Home And Building Technologies (HBT)		Total ACS Today	
Business Units	<ul style="list-style-type: none"> Sensing & Productivity Solutions (S&PS) Industrial Safety (HIS) 		<ul style="list-style-type: none"> Environmental & Energy Solutions (E&ES) Security & Fire (HSF) Building Solutions And Distribution (BSD) 		<ul style="list-style-type: none"> ESS – S&PS, HIS, HSF, E&ES BSD – HBS, ADI 	
Sales	FY 2015	YTD June 2016	FY 2015*	YTD June 2016*	FY 2015	YTD June 2016
	~\$4.7B <i>Up 2% Core Organic</i>	~\$2.1B <i>Down (6%) Core Organic</i>	~\$9.4B <i>Up 3% Core Organic</i>	~\$5.5B <i>Up 6% Core Organic</i>	\$14.1B <i>Up 2% Core Organic</i>	\$7.6B <i>Up 2% Core Organic</i>
Segment Profit (Segment Margin)	~\$0.7B 15.7%	~\$0.3B 14.7%	~\$1.6B 16.7%	~\$0.8B 15.3%	\$2.3B 16.4%	\$1.1B 15.1%
Strategic Rationale	<ul style="list-style-type: none"> Stronger Focus On Customers, Improved End Market Alignment Reducing Layers And Structures Increasing Efficiency And Speed Of Decision Making 					

*HBT Includes Industrial Combustion / Thermal Business (Sales Of ~\$0.2B YTD June 2016), Part Of E&ES Currently, Which Will Be Reclassified To PMT In New Reporting Structure
Sales, Segment Profit And Segment Margin Estimates For SPS And HBT Segments Are Preliminary, Unaudited And Subject To Change.

Performance Materials and Technologies

Sales

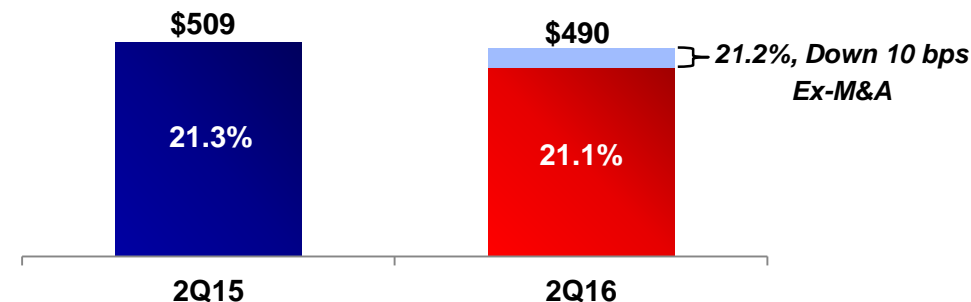
(\$M)



- **UOP Down 18%, Core Organic Down 17%**
 - Gas Processing, Licensing And Equipment Declines
 - Catalyst Shipment Timing
 - Backlog Up 9% Organic, Supports 2H16 Pick-Up
- **HPS Up 13%, Core Organic Up 8%**
 - Projects, Software, And Services Growth
 - Sales From Elster Acquisition
- **Adv Mat Down 3%, Core Organic Down 2%**
 - FP Solstice Growth Continues
 - R&C Market Pricing Headwinds

Segment Margin

Down 20 bps



- **Segment Profit Down 4%**
- **Segment Margin Down 20 bps**
 - + Restructuring Benefits
 - + Commercial Excellence
 - Lower Volume
 - Growth Investments
 - Acquisition Amortization / Integration Costs

3Q16 Preview

**\$10.0B -
\$10.2B**
Total HON
Sales

	Sales	Margin Change (bps)	Comments
Aero	<p>(1%) - 1% <i>(1%) - 1% Core Organic</i></p>	<p>Down (50) - (70) <i>Down (30) - (50) ex-M&A</i></p>	<ul style="list-style-type: none"> • Strong OE Deliveries, Comm'l Spares Strength • Strong Gas Turbo Volume • OEM Incentives Headwind, Slow Biz Jet • D&S Services, International Declines
ACS	<p>11% - 12% <i>Flat - 1% Core Organic</i></p>	<p>Up 10 - 30 <i>Up 90 - 110 ex-M&A</i></p>	<ul style="list-style-type: none"> • Security And Fire Strength Continues • China, India Double-Digit Growth • ESS Tough Comp (S&PS) • Impact From Acquisitions
PMT	<p>2% - 4% <i>Flat - 2% Core Organic</i></p>	<p>Down (100) - (120) <i>Down (70) - (90) ex-M&A</i></p>	<ul style="list-style-type: none"> • HPS Project Conversion, Elster Impact • FP Solstice Ramp, UOP Catalyst Strength • UOP Licensing, Equip., Gas Processing Weak • UOP/HPS Strong Orders Growth
HON	<p>4% - 6% <i>Flat - 1% Core Organic</i></p>	<p>Down (40) - (60) <i>Down (10) - Up 10 ex-M&A</i></p>	<ul style="list-style-type: none"> • Growth From M&A • Lower Share Count YoY

*Normalized EPS V% Adjusted to Expected Full Year 2016 Tax Rate of 26.5%

2016 Business Update

	Business	Dec. Guidance (Core Organic Growth)	Change (+ Better / - Worse)	Drivers Of Change
AERO	Commercial OE	(MSD)	—	• Slower Biz Jet
	Commercial AM	LSD	+	• Stronger Flight Hours, Spares And R&O Growth
	Defense & Space	LSD	—	• U.S., Space, Commercial Helicopter Weakness
	Transportation Systems	L-MSD	✓	• Gas, Diesel Penetration; CV Declines Moderate
ACS	Energy, Safety & Security	LSD	—	• S&PS Channel Headwinds
	Building Solutions & Dist.	LSD	+	• Americas Distribution Strength
PMT	UOP	(MSD)	—	• Catalyst Timing; Licensing, Equipment, Gas Processing Weaker
	Process Solutions	~Flat	+	• Mega Project Conversion; Growth From Installed Base, Software
	Advanced Materials	MSD	✓	• Solstice Growth Continues; R&C Plant Performance Improves

2016 Financial Guidance Summary

Total Honeywell		By Segment			
Sales \$40.0 - \$40.6B Up 4 - 5% ~1% Core Organic	Segment Margin 18.9% - 19.3% Up 10 - 50 bps 80 - 110 bps ex-M&A	Aero	Sales \$15.1B - \$15.3B (1%) - Flat (1%) - Flat Core Organic	Margin 21.2% - 21.6% Up 10 - 50 bps Up 30 - 70 bps ex-M&A	Slower Biz Jet, Defense & Space
			ACS \$15.6B - \$15.9B 11% - 13% ~1% Core Organic	16.7% - 16.9% Up 30 - 50 bps Up 110 - 140 bps ex-M&A	
EPS \$6.60 - \$6.70 Up 8 - 10%	FCF \$4.6 - \$4.8B Up 5 - 10%	PMT	\$9.3B - \$9.4B Flat - 2% (1%) - 1% Core Organic	20.8% - 21.1% Down (20) - Up 10 bps Up 30 - 60 bps ex-M&A	FP Double Digit Growth On Solstice Ramp

* EPS, V% Exclude Pension Mark-To-Market Adjustment

Summary

Strong 2Q16 Performance In Tough Environment



- 70% Of Portfolio Growing At ~5% Core Organic
- +110 bps Operational Improvement, EPS Up 10% YoY

Raised Low End Of 2016 Guidance Range



- New Range Of \$6.60 - \$6.70, Up 8% - 10%*
- Restructuring Accelerates; Segment Margin Improves

Robust Capital Deployment



- Continuing Portfolio Enhancements, M&A Rigor
- ~\$1.6B Share Repurchases YTD At Attractive Prices

*EPS, V% Exclude Pension Mark-To-Market Adjustment

Appendix

Reconciliation of non-GAAP Measures to GAAP Measures

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins

(\$M)	2Q15	3Q15	2015	2Q16
Aerospace	\$777	\$833	\$3,218	\$791
Automation and Control Solutions	567	614	2,313	615
Performance Materials and Technologies	509	461	1,935	490
Corporate	(50)	(56)	(210)	(49)
Segment Profit	\$1,803	\$1,852	\$7,256	\$1,847
Stock Compensation Expense ⁽¹⁾	(39)	(41)	(175)	(43)
Repositioning and Other ^(1, 2)	(137)	(142)	(576)	(122)
Pension Ongoing Income ⁽¹⁾	103	96	430	151
Pension Mark-to-Market Adjustment ⁽¹⁾	-	-	(67)	-
OPEB (Expense) Income ⁽¹⁾	(11)	(10)	(40)	8
Operating Income	\$1,719	\$1,755	\$6,828	\$1,841
Segment Profit	\$1,803	\$1,852	\$7,256	\$1,847
÷ Sales	\$9,775	\$9,611	\$38,581	\$9,991
Segment Profit Margin %	18.4%	19.3%	18.8%	18.5%
Operating Income	\$1,719	\$1,755	\$6,828	\$1,841
÷ Sales	\$9,775	\$9,611	\$38,581	\$9,991
Operating Income Margin %	17.6%	18.3%	17.7%	18.4%

(1) Included in cost of products and services sold and selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

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Calculation of Segment Profit Margin Excluding Mergers and Acquisitions

<i>(\$M)</i>	<u>2Q16</u>
Honeywell	
Segment Profit Excluding Mergers and Acquisitions	\$1,790
÷ Sales Excluding Mergers and Acquisitions	<u>\$9,476</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>18.9%</u>
Aerospace	
Segment Profit Excluding Mergers and Acquisitions	\$786
÷ Sales Excluding Mergers and Acquisitions	<u>\$3,733</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>21.1%</u>
Automation and Control Solutions	
Segment Profit Excluding Mergers and Acquisitions	\$577
÷ Sales Excluding Mergers and Acquisitions	<u>\$3,493</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>16.5%</u>
Performance Materials and Technologies	
Segment Profit Excluding Mergers and Acquisitions	\$476
÷ Sales Excluding Mergers and Acquisitions	<u>\$2,250</u>
Segment Profit Margin Excluding Mergers and Acquisitions %	<u>21.2%</u>

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Reconciliation of Core Organic Sales Growth

Honeywell	2Q16
Reported Sales Growth	2%
Less: Foreign Currency Translation, Acquisitions, Divestitures and	4%
Less: Raw Materials Pricing in R&C	-
Core Organic Sales Growth	(2%)
Performance Materials and Technologies	2Q16
Reported Sales Growth	(3%)
Less: Foreign Currency Translation, Acquisitions, Divestitures and	2%
Less: Raw Materials Pricing in R&C	(1%)
Core Organic Sales Growth	(4%)
Advanced Materials	2Q16
Reported Sales Growth	(3%)
Less: Foreign Currency Translation, Acquisitions, Divestitures and	2%
Less: Raw Materials Pricing in R&C	(3%)
Core Organic Sales Growth	(2%)

Throughout this presentation, core organic sales growth refers to reported sales growth less the impacts from foreign currency translation, M&A and raw materials pass-through pricing in the Resins & Chemicals business of PMT. The raw materials pricing impact is excluded in instances where raw materials costs are passed through to customers, which drives fluctuations in selling prices not tied to volume growth.

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Reconciliation of Cash Provided by Operating Activities to Free Cash Flow and Calculation of Free Cash Flow Conversion

(\$M)

Cash Provided by Operating Activities
Expenditures for Property, Plant and Equipment
Free Cash Flow

2Q15

\$1,408

(243)

\$1,165

2Q16

\$1,544

(281)

\$1,263

Free Cash Flow
÷ Net Income Attributable to Honeywell
Free Cash Flow Conversion %

\$1,165

1,194

98%

\$1,263

1,282

99%

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Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

(\$M)

Cash Provided by Operating Activities
Expenditures for Property, Plant and Equipment
Free Cash Flow

2015

\$5,454

(1,073)

\$4,381

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Calculation of EPS at Tax Rate of 26.5%

(\$M except per share amounts)

	3Q15
Income Before Taxes	\$1,707
Taxes at 26.5%	452
Net Income at 26.5% Tax Rate	\$1,255
Less: Net Income Attributable to the Noncontrolling Interest	12
Net Income Attributable to Honeywell at 26.5% Tax Rate	\$1,243
Weighted Average Number of Shares Outstanding - Assuming Dilution	789.5
EPS at 26.5% Tax Rate	\$1.57

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Reconciliation of EPS to EPS, Excluding Pension Mark-to-Market Adjustment

	2015⁽¹⁾
EPS	\$6.04
Pension Mark-to-Market Adjustment	0.06
EPS, Excluding Pension Mark-to-Market Adjustment	\$6.10

(1) Utilizes weighted average shares of 789.3 million. M ark-to-market uses a blended tax rate of 36.1%.