



## BARCLAYS INDUSTRIAL SELECT CONFERENCE

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**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 Growth

*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.*

## Peer Comparison

*Peer comparisons are done using certain non-GAAP financial information that both Honeywell and each peer company utilizes in its financial disclosure and investor presentations. With regard to the peer core organic growth, segment margin and EPS, each peer company adjusts its GAAP financial results in a different manner and their presentation of this non-GAAP information is subject to change from time to time.*

# 2015 Highlights



- *Segment Margin Expansion Of 220 bps To 18.8%*
- *Delivered 6th Consecutive Year Of Double-Digit Earnings Growth*



- *Committed \$6B To M&A; \$2B In Share Repurchases*
- *Continued To Invest For Growth With Over \$1B In Capital Expenditures*



- *~\$2B R&D Spend At 5% Of Sales, Plus \$1B In Customer-Funded R&D*
- *Funded Over \$160M Of New Restructuring Projects*



- *15% Dividend Rate Increase In Oct 2015...11th Rate Increase In Past 10 Years*
- *Including Announced M&A, Deployed Over \$10B Of Capital*

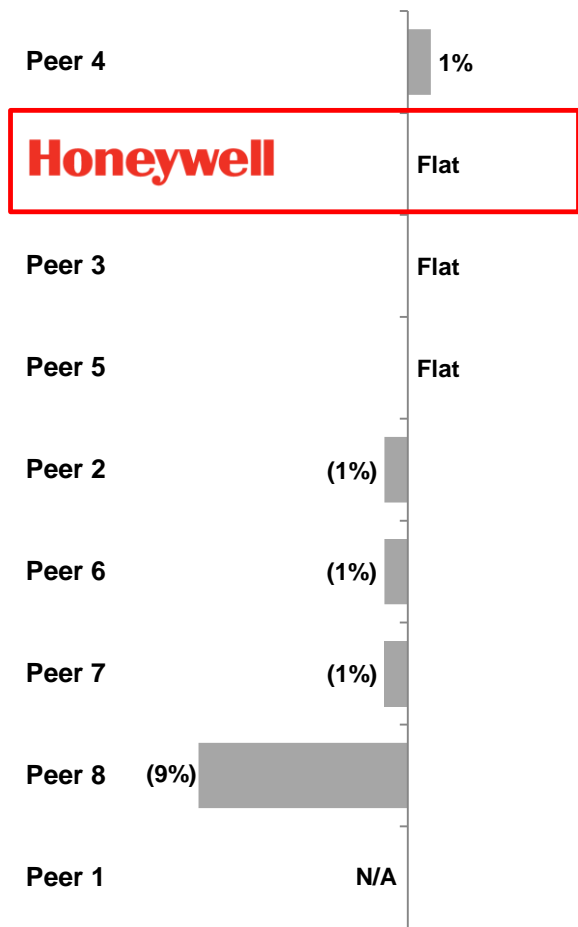


- *100% Of Software Divisions CMMI Level 5 Compatible*
- *Reaffirming 2016 Guidance, EPS \$6.45 - \$6.70, Up 6% - 10%*

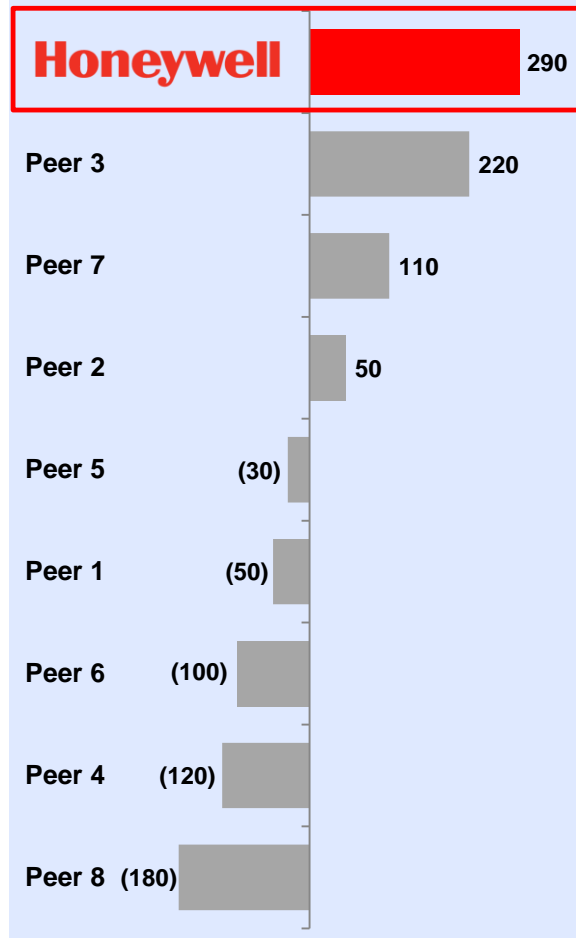
*EPS, V% Exclude Pension Mark-To-Market Adjustment*

# 4Q15 Peer Group Earnings Recap

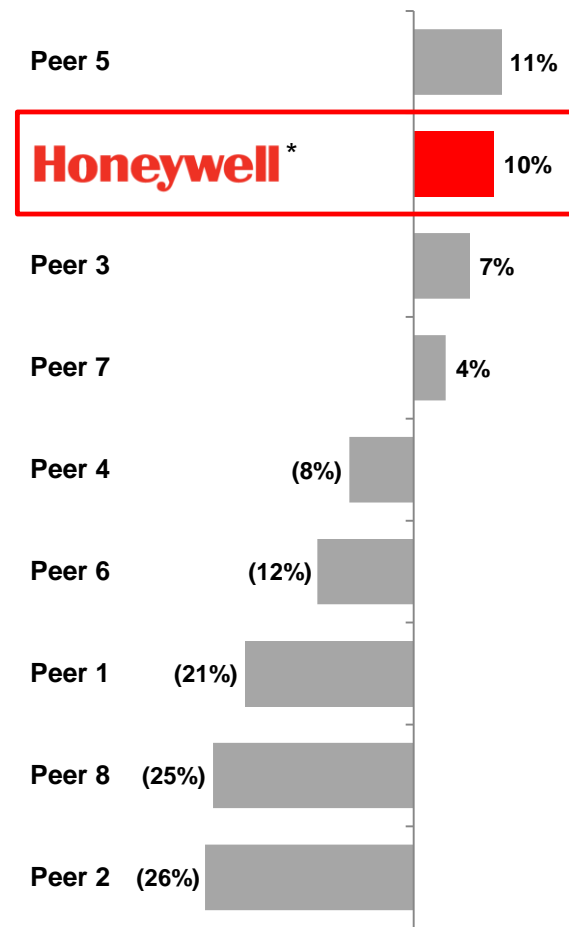
## Core Organic Sales v%



## Segment Margin Expansion (bps)



## EPS v%



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



# Recent Highlights

## Elster

*Memphis Light, Gas  
And Water Win*



- \$200M Project To Deploy 1M Smart Meters Over Next Five Years
- Advanced Metering Solution To Provide Cost Savings, Efficiency For Utility

## HPS

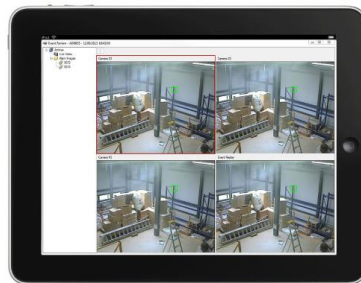
*IIoT New Mobility App*



- Provides Plant Managers Immediate Notifications, Real-Time Plant Performance Data And Analytics Direct To Smartphones
- Relevant Metrics And Tools To Improve Efficiency And Safety

## Xtralis

*Announced Acquisition  
On February 4, 2016*



- Leader Of Early Fire And Intrusion Detection Technologies For \$480M
- Complements And Expands Honeywell's Security And Fire Offering

# Xtralis Acquisition – Announced Feb 4<sup>th</sup>, 2016



- A Leading Global Provider Of Early Warning Smoke Detection, Safety And Security Solutions
- Delivers To Wide Range Of Over 50 Market Segments Where Protection Is Paramount
- Protects 250,000 Sites In 100+ Countries
- Distributes Through Majority Of Multi-National OEMs

## Good Industry



*Demand For Early Warning Detection Growing*

Non-Resi Construction Indicator Signals Continued Strength

Mission Critical Enterprises Need Protection Where:

- Business Continuity Is A Must (Telecom, Server Rooms)
- Smoke Difficult To Detect (Theatres, Warehouses, Tunnels)
- Environmental Conditions Are Difficult (Mines, Plants)

## Great Position



*Complements And Expands Honeywell Security And Fire Offering*

A Leader In Aspiration Smoke Detection (ASD)

VESDA Very Early Warning ASD Brand Protects:

- Semiconductor Manufacturing And Other Plants
- Telecom Providers, Data Centers, And Servers
- Historic Sites And Museums
- Over 300 Of Fortune 500 Companies

# 2016 Financial Guidance Summary

## Total Honeywell

### Sales

**\$39.9 - \$40.9B**

Up 3 - 6%

1 - 2% Core Organic

### Segment Margin

**18.9% - 19.3%**

Up 10 - 50 bps

80 - 110 bps ex-M&A

### EPS

**\$6.45 - \$6.70**

Up 6 - 10%

### FCF

**\$4.6 - \$4.8B**

Up 5 - 10%

## By Segment

### Sales

### Margin

Aero

**\$15.3B - \$15.6B**

1% - 2%

1% - 2% Core Organic

**21.7% - 22.1%**

Up 60 - 100 bps

Up 80 - 120 bps ex-M&A

ACS

**\$15.3B - \$15.8B**

8% - 12%

1% - 2% Core Organic

**16.3% - 16.6%**

Down (10) - Up 20 bps

Up 110 - 140 bps ex-M&A

PMT

**\$9.3B - \$9.5B**

Flat - 3%

(1%) - 1% Core Organic

**20.8% - 21.1%**

Down (20) - Up 10 bps

Up 30 - 60 bps ex-M&A

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

# Summary

## 2015 Another Year Of Outperformance



Set High Expectations And Delivered  
Achieved Record Margins While Investing For Growth

## Confident In 2016 Outlook



HON Playbook – Continue To Plan Conservatively, Operating Discipline  
Ability To Quickly Right Size Cost Structure If Macro Weakens  
Upside From Acquisition Integration Overdrive

## Multi-Year Tailwinds



Seed Planting Benefits From Growth Investments  
Restructuring Benefits Support Productivity And Margin Expansion



**Honeywell**

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# ***Appendix***

## ***Reconciliation of non-GAAP Measures to GAAP Measures***

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

(\$M)	4Q14	4Q15	2014	2015
Aerospace	\$663	\$856	\$2,915	\$3,218
Automation and Control Solutions	613	616	2,200	2,313
Performance Materials and Technologies	425	462	1,817	1,935
Corporate	(69)	(54)	(236)	(210)
<b>Segment Profit</b>	<b>\$1,632</b>	<b>\$1,880</b>	<b>\$6,696</b>	<b>\$7,256</b>
Stock Based Compensation <sup>(1)</sup>	(44)	(43)	(187)	(175)
Repositioning and Other <sup>(1, 2)</sup>	(154)	(158)	(634)	(576)
Pension Ongoing Income <sup>(1)</sup>	67	131	254	430
Pension Mark-to-Market Adjustment <sup>(1)</sup>	(249)	(67)	(249)	(67)
OPEB Expense <sup>(1)</sup>	(12)	(10)	(49)	(40)
<b>Operating Income</b>	<b>\$1,240</b>	<b>\$1,733</b>	<b>\$5,831</b>	<b>\$6,828</b>
<b>Segment Profit</b>	<b>\$1,632</b>	<b>\$1,880</b>	<b>\$6,696</b>	<b>\$7,256</b>
÷ Sales	<b>\$10,266</b>	<b>\$9,982</b>	<b>\$40,306</b>	<b>\$38,581</b>
<b>Segment Profit Margin %</b>	<b>15.9%</b>	<b>18.8%</b>	<b>16.6%</b>	<b>18.8%</b>
<b>Operating Income</b>	<b>\$1,240</b>	<b>\$1,733</b>	<b>\$5,831</b>	<b>\$6,828</b>
÷ Sales	<b>\$10,266</b>	<b>\$9,982</b>	<b>\$40,306</b>	<b>\$38,581</b>
<b>Operating Income Margin %</b>	<b>12.1%</b>	<b>17.4%</b>	<b>14.5%</b>	<b>17.7%</b>

(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.

## RECONCILIATION OF EPS TO EPS, EXCLUDING PENSION MARK-TO-MARKET ADJUSTMENT

	<b>4Q14<sup>(1)</sup></b>	<b>4Q15<sup>(2)</sup></b>
<b>EPS</b>	<u>\$1.20</u>	<u>\$1.53</u>
<b>Pension Mark-to-Market Adjustment</b>	<u>0.23</u>	<u>0.05</u>
<b>EPS, Excluding Pension Mark-to-Market Adjustment</b>	<u><u>\$1.43</u></u>	<u><u>\$1.58</u></u>

(1) Utilizes weighted average shares of 794.1 million. Mark-to-market uses a blended tax rate of 28.1%.

(2) Utilizes weighted average shares of 780.8 million. Mark-to-market uses a blended tax rate of 36.1%.

## RECONCILIATION OF EPS TO EPS, EXCLUDING PENSION MARK-TO-MARKET ADJUSTMENT

	<u>2009<sup>(1)</sup></u>	<u>2010<sup>(2)</sup></u>	<u>2011<sup>(3)</sup></u>	<u>2012<sup>(4)</sup></u>	<u>2013<sup>(5)</sup></u>	<u>2014<sup>(6)</sup></u>	<u>2015<sup>(7)</sup></u>
<b>EPS</b>	<b>\$2.05</b>	<b>\$2.59</b>	<b>\$2.61</b>	<b>\$3.69</b>	<b>\$4.92</b>	<b>\$5.33</b>	<b>\$6.04</b>
<b>Pension Mark-to-Market Adjustment</b>	<b>0.64</b>	<b>0.41</b>	<b>1.44</b>	<b>0.79</b>	<b>0.05</b>	<b>0.23</b>	<b>0.06</b>
<b>EPS, Excluding Pension Mark-to-Market Adjustment</b>	<b>\$2.69</b>	<b>\$3.00</b>	<b>\$4.05</b>	<b>\$4.48</b>	<b>\$4.97</b>	<b>\$5.56</b>	<b>\$6.10</b>

(1) Utilizes weighted average shares of 755.7 million. Mark-to-market uses a blended tax rate of 34.4%.

(2) Utilizes weighted average shares of 780.9 million. Mark-to-market uses a blended tax rate of 32.3%.

(3) Utilizes weighted average shares of 791.6 million. Mark-to-market uses a blended tax rate of 36.9%.

(4) Utilizes weighted average shares of 791.9 million. Mark-to-market uses a blended tax rate of 35.0%.

(5) Utilizes weighted average shares of 797.3 million. Mark-to-market uses a blended tax rate of 25.5%.

(6) Utilizes weighted average shares of 795.2 million. Mark-to-market uses a blended tax rate of 28.1%.

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

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

<b>(\$M)</b>	<b>2015<sup>(1)</sup></b>
Cash Provided by Operating Activities	\$5,454
Expenditures for Property, Plant and Equipment	(1,073)
Free Cash Flow	<u>\$4,381</u>
Net Income, Attributable to Honeywell	\$4,768
Pension Mark-To-Market Adjustment, Net of Tax	43
Net income, Attributable to Honeywell, Excluding Pension Mark-to-Market Adjustment	<u>\$4,811</u>
Cash Provided by Operating Activities	\$5,454
÷ Net income, Attributable to Honeywell	\$4,768
Operating Cash Flow Conversion	<u>114%</u>
Free cash flow	\$4,381
÷ Net income, Attributable to Honeywell, Excluding Pension Mark-to-Market Adjustment	\$4,811
Free Cash Flow Conversion	<u>91%</u>

(1) Mark-to-market uses a blended tax rate of 36.1%.



## CORE ORGANIC SALES GROWTH RECONCILIATIONS

### Honeywell

	<b>4Q15</b>
Reported sales growth	(3%)
Foreign currency translation, acquisitions, divestitures and other	2%
Raw Materials Pricing in R&C	1%
Core organic sales growth	<u>0%</u>

### PMT

	<b>4Q15</b>
Reported sales growth	(12%)
Foreign currency translation, acquisitions, divestitures and other	4%
Raw Materials Pricing in R&C	4%
Core organic sales growth	<u>(4%)</u>

### Advanced Materials

	<b>4Q15</b>
Reported sales growth	(15%)
Foreign currency translation, acquisitions, divestitures and other	3%
Raw Materials Pricing in R&C	9%
Core organic sales growth	<u>(3%)</u>

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