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## J.P. MORGAN AVIATION, TRANSPORTATION AND INDUSTRIALS CONFERENCE

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**Honeywell**

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## Forward Looking Statements

*This presentation 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 market, economic, legislative, political, regulatory and industry conditions, expected future developments and other relevant factors. Actual capital deployment will depend on timing and final details of changes to tax code as well as then current market and operating conditions. Forward looking statements 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.*

## Non-GAAP Financial Measures

*This presentation contains financial measures presented on a non-GAAP basis. Honeywell’s non-GAAP financial measures in this presentation include segment profit, a measure by which we assess operating performance, which we define as operating income adjusted for certain items; segment margin, which we define as segment profit divided by sales; free cash flow, which we define as cash flow from operations less capital expenditures; free cash flow conversion, which we define as free cash flow divided by net income excluding pension mark-to market expenses; and earnings per share adjusted to exclude pension mark-to-market expenses. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure.*

# Key Messages

## Key Priorities

- Accelerate Organic Growth - Across All Business Segments
- Expand Margins Via Continued Productivity Rigor
- More Aggressive Capital Deployment
- Software-Industrial Company ... Software Strategically Critical, Non-Cyber Essential To Growth Now

## Strategy / Operating Focus

- Driving Innovation As A Source Of Differentiation
- HOS Gold - Framework For How We Create Value For Shareowners
- Enhancing Our Portfolio ... Bolt-On Deals Strongly Preferred ... Spins And Divestitures To Top-Grade

## Superior Financial Outcomes Continue

- Low-To-Mid Single-Digit Organic Sales Growth
- Continued Margin Expansion
- EPS Growth Greater Than Peers - Potential Tax Reform Unlocks Greater Balance Sheet Leverage
- Cash Conversion Exceeding 100%

# Long-Term Financial Framework

## Strong Growth

- Low-To-Mid Single-Digit Organic Sales Growth
- 30 - 50 bps Margin Expansion Per Year
- EPS Growth Greater Than Peers

## Robust Cash Generation

- Cash Conversion Exceeding 100%
- World-Class Working Capital Management

## Aggressive Capital Deployment

- Dividend Growth  $\geq$  EPS Growth
- Disciplined M&A
- Share Repurchases From Residual Capacity
- High ROI Capital Expenditures

## Balance Sheet

- Target 2.3X - 2.5X Leverage (Per Moody's)
- Maintain Credit Ratings

# Key Priorities

## 1. Accelerate Organic Growth

Commercial Excellence

HOS Gold Breakthrough Initiatives

Velocity Product Development (VPD) Revitalization

High Growth Region Penetration

Customer Experience Enhancement

## 2. Expand Margins Via Productivity Rigor

Continuous Fixed Cost Optimization

Procurement Excellence

Footprint And Lean Manufacturing

Post-Merger Integration Excellence

## 3. Become A Software-Industrial Company

Connected Enterprises, End-Customer Focused Approach

Leverage Honeywell Sentience™ Platform

Standalone Software Double-Digit Growth Target

Foster An Entrepreneurial Culture

## 4. More Aggressive Capital Deployment

Targeted 2.3X - 2.5X Leverage (Per Moody's)

Disciplined M&A Approach

Continue Portfolio Optimization To Enhance Growth

Maintain Current Credit Rating

Potential Tax Reform Offers Additional Opportunity

**Focus On Growth, Expanding Margins, More Aggressive Capital Deployment**

# The Honeywell Portfolio

## Leveraging Core Strengths...

### Process

- HOS Gold
- HON User Experience
- Velocity Product Development
- Centralized Supporting Functions

### Technology

- Honeywell Sentience™ (Common IT Platform)
- Shared Technology Talent Centers
- Honeywell Technology Solutions >10K Strong

### Global Capacity

- 24% Of Sales In High Growth Regions
- HGR 2.0 Strategy (Becoming the Chinese Competitor, East-For-East And East-For-Rest)

### Reputation

- The HON Brand
- Customer Focus
- Integrity
- Employee Loyalty

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## ...Across A Diversified Portfolio

### Aerospace



### Home And Building Technologies



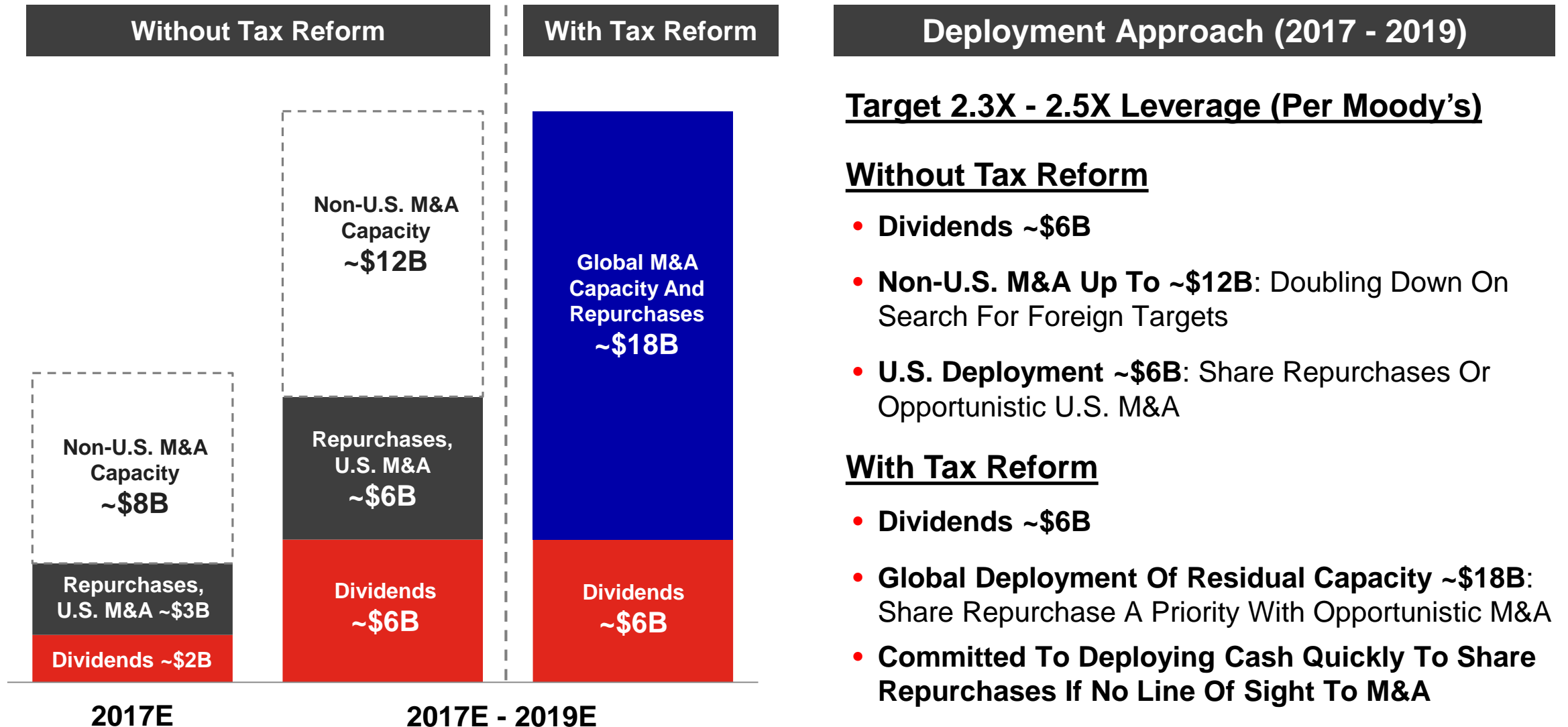
### Performance Materials And Technologies



### Safety And Productivity Solutions



# Cash Position And Deployment Approach



# Summary

- **Outperformed Peers In 2016 ... 2017 On Track**
- **Great Positions In Growing Industries ... Businesses Aligned To Favorable End Markets**
- **Focused On Enhancing Organic Growth And Driving Margin Expansion**
- **More Aggressive Capital Deployment ... Flexible Deployment With Tax Reform**
- **Committed To Longer-Term Financial Framework**





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