FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 10, 2018

RESIDEO TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware 001-38635 82-5318796
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

1985 Douglas Drive North, Golden Valley, Minnesota 55422
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: (763) 954-5204

Emerging growth company ☐

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
**Item 7.01  Regulation FD Disclosure.**

Members of management of Resideo Technologies, Inc. (the “Company”) are hosting its previously announced investor day on October 10, 2018 in anticipation of its previously announced spin-off from Honeywell International Inc. The investor day is open to all investors and the presentation slides (the “Presentation Slides”) have been posted on the “Investor Relations” section of Honeywell’s website (www.honeywell.com/investor) for a period of 30 days. A copy of the Presentation Slides is attached as Exhibit 99.1 and incorporated by reference herein.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

Reference to Honeywell’s website is made as an inactive textual reference and information contained on Honeywell’s website, except for the Presentation Slides attached hereto as Exhibit 99.1, is not incorporated by reference into this Current Report on Form 8-K.

**Item 9.01  Financial Statements and Exhibits.**

(d)

Exhibits.

Exhibit 99.1  Presentation Slides: Resideo Investor Conference – NYSE: REZI dated October 10, 2018
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RESIDEO TECHNOLOGIES, INC.

By: /s/ Jacqueline Katzel
Name: Jacqueline Katzel
Title: President

Date: October 10, 2018
Disclaimer

Additional Information

For additional information with respect to Resideo Technologies, Inc. and the proposed spin-off, please refer to the Form 10 Registration Statement, as it may be further amended, on file with the Securities and Exchange Commission ("Form 10"). The spin-off is subject to customary conditions. The financial information included in this document may not necessarily reflect Resideo’s financial position, results of operations, and cash flows in the future or what Resideo’s financial position results of operations, and cash flows would have been had Resideo been an independent, publicly traded company during the periods presented. This communication shall not constitute an offer of any securities for sale, nor shall there be any offer, sale or distribution of securities in any jurisdiction in which such offer, sale or distribution would be unlawful prior to appropriate registration or qualification under the securities law of such jurisdiction.

Forward-Looking Statements

This presentation contains “forward-looking statements.” 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. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results or performance of the company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to those described in the Form 10 under the headings “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements.” You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. 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.

Non-GAAP Financial Measures

This presentation includes Adjusted EBITDA, Adjusted EBITDA including environmental indemnification payments, Adjusted EBITDA Margin, Segment Profit, Segment Profit Margin and other financial measures not compliant with generally accepted accounting principles in the United States (GAAP). The non-GAAP financial measures provided herein are adjusted for certain items as presented in the Appendix and may not be directly comparable to similar measures used by other companies in our industry, as other companies may define such measures differently. 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. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures. We believe EBITDA, Adjusted EBITDA, Adjusted EBITDA including environmental indemnification payments, Adjusted EBITDA Margin, Segment Profit, and Segment Profit Margin are important indicators of operating performance which more closely measure our operating profit.

A reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to the closest GAAP financial measure is not available without unreasonable efforts on a forward-looking basis due to the impact and timing of future operating results arising from items excluded from these measures, particularly standalone costs, environmental indemnification reimbursement expense, non-operating (income) expense, stock compensation expense and repositioning charges. For additional information with respect to our Unaudited Combined Financial Statements, see our Form 10.
Executive Overview

Mike Nefkens | President and CEO
Today’s Presenters

Executive Overview
9:00-9:20 a.m.
Mike Nefkens, President and CEO

Products Overview
9:20-9:40 a.m.
Mike Nefkens, President and CEO

Connected Home Software Overview
9:40-9:55 a.m.
Scott Harkins, Vice President and General Manager, Connected Home

Growth Strategy
10:25-10:40 a.m.
Inder Reddy, Vice President, Corporate Strategy

ADI Distribution Overview
9:55-10:10 a.m.
Rob Aarnes, President, ADI Global Distribution

Financial Review
10:40-11:00 a.m.
Joe Ragan, Executive Vice President and CFO

Break
10:10-10:25 a.m.

Q&A
11:00-11:30 a.m.
LAUNCHING
OCTOBER 2018

REZI
NYSE

$4.77B - 4.83B
2018E Net Sales

$605M - 615M
Pro Forma Adj. EBITDA (2018E)

$465M - 475M

1 Pro Forma (PF) Adjusted EBITDA including environmental indemnification payments is PF Adjusted EBITDA adjusted for payment pursuant to indemnification and Reimbursement Agreement (“Reimbursement Agreement”). PF Adjusted EBITDA represents EBITDA adjusted for the Trademark License Agreement, environmental expense, standalone costs, non-operating (income) expense, stock compensation expense and repositioning charges. See Appendix.
RESIDEO | Business Overview

Positioned to Win

$4.5B
2017 FY Sales

Honeywell Home

ADI

Industry Leadership

Products
- Comfort & Care
- Security & Safety

Distribution
- Americas
- EMEA
- India

Select Customers
- ADT
- A.O. Smith
- The Home Depot
- Johnstone
- Trane
- USAA

Net Sales
- Products 49%
- Distribution 51%

Segment Overview (2017 Actual)

Net Sales
- Products 73%
- Distribution 27%

Geography Overview
- United States 65%
- Europe 24%
- Other 8%

Channel Overview
- Distributors 62%
- Factory Direct 6%
- OEM 27%
- Retail 5%
- E-tail 5%

Professional Installation 95%

Pie chart shows total sales of $4.856M, which includes intercompany sales of $337M

Smart Home. Simplified.
RESIDEO | End-to-End Customer Experience

On the Exterior
1. Exterior Camera, Outdoor Video, Motion Viewer, Perimeter Protection

On the Wall
5. Security Panel, Interior Camera, Indoor Video, Motion Viewer, Sound Detection, Motion Detection, Smoke Detection, Glassbreak Detection, CO Detection

Behind the Wall
2. Heating Controls, Furnace, Boiler and Hot Water Heater Controls
3. Humidification/Dehumidification, Water Filtration and Treatment
4. Water Leak/Freeze Detection

In the Cloud
7. Mobile Apps
8. AlarmNet 560

ADI Global Distribution

3,000 Active Products*

Broatest Portfolio Supported by Leading Distribution Business
Multi-Channel Strategy Provides Stability and Customer Diversification

Enhanced Customer Value

- **Customer Experience**: Resideo Security Products sold through ADI Distribution with Net Promoter Score >50*
- **Vertical Integration**: Built-in third-party logistics (3PL) for fulfillment and distribution
- **Share of Wallet**: Revenue and wall-to-wall margin opportunities for Resideo, as ADI customers expand their security purchases into multiple categories

*Internal survey data
RESIDEO | Modernizing Pro Channels to Deliver Connected Home Experience

Home Categories
- HVAC/ Energy Management
- Security & Safety
- Electrical & Lighting
- Entertainment & Audio/ Visual
- Plumbing
- Wellness Monitoring

Professional Channels
- HVAC Contractors
- Security Dealers
- Electrical Contractors
- A/V, Entertainment Dealers
- Plumbing Contractors
- Other Professionals

Professional Expertise Key to Simplifying Connected Home for Consumers
RESIDEO | Go-To-Market Channels

Products and Solutions
- Professional Installation
  - Retail / Etail / Utilities ~$120M
  - OEM ~$650M
  - Factory Direct ~$140M
  - Distributors ~$1,135M
- Professional Contractors
- Homeowners and Other End Users

ADI Distribution
- Resideo ~$390M
- RemainCo Honeywell ~$305M
- Other Third Parties ~$1,780M
- $337M

Our Position in Professional Installation is Our Strategic Advantage

Source: 2017 Company data
## Addressable Markets

### 2018 Global Addressable Market

<table>
<thead>
<tr>
<th>2018 Global Addressable Market</th>
<th>Products and Solutions</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$10 Billion</td>
<td>Comfort &amp; Care</td>
<td>~$20 Billion</td>
</tr>
<tr>
<td>~$5 Billion</td>
<td>Security &amp; Safety</td>
<td></td>
</tr>
</tbody>
</table>

| 2017 Comfort & Care Net Sales: $1.6B | 2017 Security & Safety Net Sales: $0.8B | 2017 Distribution Net Sales: $2.5B |

### Select Products

- Intrusion
- Wire
- Video
- Access
- Fire

### Resideo’s Industry Leadership

#### Leader Thermostats
- Major Player Connected Thermostats
- Major Player Humidity Systems

- Aprilaire
- Emerson
- Trane
- BWT
- Nest
- UTC
- Carrier
- SIT
- Vivint
- Ecobee
- Tado
- Watts

#### Leader Security Systems
- Major Player Remote Services

- 2GIG
- iSmartAlarm
- Tyco
- Alarm.com
- Qolsys
- UTC
- Bosch
- Ring
- Vivint
- Hive
- SimpliSafe

#### Leader Americas Distribution
- Leader EMEA Distribution

- Aditya
- Anixter
- Norbain
- CSC
- Prama
- Rexel
- Scansource

### Select Competitors

### Strong Market Positions in Addressable Markets

*Source: IHS Markit (IHS), Navigant Consulting (Navigant), Building Services Research and Information Association (BSRIA) and management estimates. Note: Net sales includes $337M intercompany sales in 2017. † Industry leadership per management estimates.*
Momentum Underpinned by Favorable Macro Trends

Key Macro Trends

Growing Demand for Comfort, Efficiency and Security

Increasingly Connected Consumers

Growing Demand for Expertise and Services

Key Stats

New Housing Starts
(Units in M)

Renovation and Remodeling
Spend ($M)

Installed Base of Connected Things,
Consumer Segment (Units in M)


Strong Industry Outlook Driven by Favorable Macro Trends
**Rob Aarnes**, President ADI Distribution
- Drove above market growth, enhanced customer experience, built e-commerce presence

**Jennifer Bonos**, VP GM Consumer Products
- Whirlpool
- Strong consumer marketing, product knowledge, sales

**Michael Flink**, VP Marketing and Sales
- Honeywell
- ADI
- Pricing management, global experience, developing and implementing growth strategies

**Scott Harkins**, VP GM Connected Home
- Honeywell
- IoT initiatives and partnerships that add value to the consumers Connected Home experience

**Steve Kelly**, Chief HR Officer
- Honeywell
- Multi-industry HR background, developing and maintaining key business talent

**Jeannine Lane**, General Counsel
- Honeywell
- Prestone
- Significant IP and U.S. Consumer Product Safety Commission experience, strong business acumen to work out legal solutions

**Bruce Mathews**, Chief Information Officer
- Honeywell
- Strong knowledge on ERP deployments, infrastructure management and implementation

**Inder Reddy**, VP Corporate Strategy
- Honeywell
- BCG
- Deep product knowledge, contract negotiations, NPI development, software experience

**Edgar Tu**, Chief Technology Officer
- Dell
- Sony
- Innovation, process knowledge, product knowledge, technology

**Anseim Wong**, Spin Off Transition Leader, VP of Finance
- Honeywell
- Capital allocation decisions, M&A, manufacturing, financial systems implementation

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**Focus on Continuous Improvement Will Live on in Resideo Operating System**

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**New Leadership Talent …**

**Michael Nefkens**, President and CEO
- Technology sector
- Running complex multinational organizations
- Delivering innovative solutions and shareholder value
- Strong leadership with proven record of delivering for customers

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**Joe Ragan**, Executive Vice President and CFO
- Finance, accounting, business management
- Experience in managing all accounting functions, credit and collections, payroll
- Extensive background as a public company CFO

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**Proven Leadership With Transaction and Technology Experience**

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**… Paired with Significant Continuity from Honeywell**

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RESIDEO | 2018E Financial Performance

9%+  1H 2017 – 1H 2018 NET SALES GROWTH

6%+  2017A – 2018E SALES GROWTH

165 BPS  1H 2018 SEGMENT MARGIN CHANGE (YoY)

CONNECTED DEVICE GROWTH¹

25%+  CAGR 2013 – 2018E

KEY WINS

- ADT
- Defenders
- The Home Depot
- Lennar

¹Connected is defined as any device with the capability to be monitored or controlled from a remote location by an end-user or service provider

Strong Momentum Heading into Spin
Segment Overview: Products

Mike Nefkens | President and CEO
PRODUCTS | Segment Overview

**Comfort & Care**
- Temperature and Humidity
- Air
- Water
- Thermal
- Software Solutions
- Telehealth

**Security & Safety**
- Panels
- Peripherals
- Sensors
- Cameras
- Communication Devices
- Awareness
- Cloud Infrastructure and Software

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**$2.5B NET SALES**
- LTM Q2 2018

**$402M SEGMENT PROFIT**
- LTM Q2 2018

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2017 Actual  

Sales by Geography
- Americas 29%
- EMEA 29%
- Other 3%

Sales by Product Category
- Security & Safety 34%
- Comfort & Care 66%
- Traditional Non-Connected 63%

Connected / Non-Connected
- Connected 37%
- Traditional Non-Connected 63%

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1Total Products sales includes intercompany sales $337M in 2017
2Americas represents North and South America. Other principally represents Australia, China, New Zealand and South Korea.
3Connected is defined as any device with the capability to be monitored or controlled from a remote location by an end-user or service provider.
130+ Years of Experience Providing Proven, Trusted and Tested Solutions
Major Player in Connected Home Software Solutions

- **4.7M** Connected Customers
- **250B** Cloud Transactions Annually
- **2.3M** Security Panel Signals Transmitted Daily
- **30M** Sensor Points

**Key Partnerships**

- Works with Apple HomeKit
- Works with the Google Assistant
- Amazon Alexa
- Samsung
- SmartThings

**Expanding Developer Ecosystem**

- Whirlpool
- Chamberlain
- HomeAdvisor
- FilterEasy
- eero
- Schlage
- IFTTT

resideo
Software that Creates Recurring Revenue and Long Term Customers

**CONSUMERS**
- Consumer in-app services offered on recurring revenue model

**PRODUCTS**
- Seamless control across connected product categories and control of 3rd party products

**PROFESSIONAL CONTRACTORS**
- Software that unlocks new recurring revenue business models for contractors

**DEVELOPERS**
- Recurring revenue with developers and participation in key smart home ecosystems
PRODUCTS | Honeywell Home App
PRODUCTS | Deep Engineering Capabilities and Strong Intellectual Property

Global Engineering and Design Footprint

1,300 Engineers
>50% focused on software and firmware

17 Sites Globally
Low cost region capabilities for greater ROI

3 Dedicated Software Centers of Excellence

Robust Patent Portfolio and IP Strategy

3,000 Patents and Pending Applications Worldwide

Proven Global IP Strategy
State-of-the-art management and docketing system

Dedicated IP analytics team for enforcement and clearance

Strong industry and legal expertise

Innovative Solutions Protected by Robust Intellectual Property Portfolio
Localized, Integrated Supply Chain to Support Products Business Globally
Connected Home and Software

Scott Harkins | Vice President, General Manager, Connected Home
### CONNECTED HOME | Business Overview

#### Positioned to Win

- Launched 1st cloud services in 1980s
- Large installed base of connected devices and consumers
- Participate in categories with proven SaaS revenue models
- Recurring revenue from pro channel, developers and consumers
- User Experience that simplifies the smart home
- Active in leading ecosystems and large developer community

#### Business Model

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor Services</td>
<td>Software that unlocks new recurring revenue business models and account management</td>
</tr>
<tr>
<td>Developer Services</td>
<td>Recurring revenue business model for developers to access APIs</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>Consumer facing in-app services offered on a recurring revenue model</td>
</tr>
<tr>
<td>Product Connectivity</td>
<td>Seamless control across connected product categories, Open ecosystems with 3rd party product participation</td>
</tr>
</tbody>
</table>

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Software that Creates Recurring Revenue and Long Term Customers

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1 Total Products sales includes intercompany sales $337M in 2017
**CONNECTED HOME | Software Ties It All Together**

**Consumer in-app services offered on recurring revenue model**

**Seamless control across connected product categories and control of 3rd party products**

**Software that unlocks new recurring revenue business models for contractors**

**Recurring revenue with developers and participation in key smart home ecosystems**

*Software that Creates Recurring Revenue and Long Term Customers*
## CONNECTED HOME | Solutions and Growth Highlights

<table>
<thead>
<tr>
<th>AlarmNet</th>
<th>Connected Home</th>
<th>Software Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>tc</td>
<td>AlarmNet 360</td>
<td>• Predictive Maintenance</td>
</tr>
<tr>
<td>Total Connect Application</td>
<td>72°C</td>
<td>• HVAC Monitoring</td>
</tr>
<tr>
<td>Cloud Platform</td>
<td>Total Connect Comfort Application</td>
<td>• Auto-Replenishment</td>
</tr>
<tr>
<td></td>
<td>Honeywell Home</td>
<td>• Remote Patient Monitoring</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Whole House Monitoring</td>
</tr>
</tbody>
</table>

### Key Products and Solutions

- Simplified user experiences for contractors, developers and consumers
- Expand recurring revenues via new software offerings
- Converge platforms and expand geographically

### Key Growth Initiatives

- 4.7M Connected Users
- 25%+ CAGR 2013-2018E

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Connected Home | Focused on End-to-End Customer Experience

Consumer Motivating Factors Influencing Smart Home Device Purchase

- 86% Energy Efficiency
- 77% Increased Convenience
- 81% Home Security
- 73% Greater Control

Source: PwC Survey 2016, US Non-Owners of Connected Home Devices

Our Business Aligns to Customer Needs | Software Brings It All Together
Segment Overview: Distribution

Rob Aarnes | President, ADI Global Distribution
ADI DISTRIBUTION | Segment Overview

#1 GLOBAL DISTRIBUTOR

200+ STOCKING LOCATIONS

LOCATIONS IN 17 COUNTRIES

100,000 CONTRACTORS

MORE THAN 1,000 SALES REPRESENTATIVES

MULTI-CHANNEL DISTRIBUTOR

FIRE ACCESS CONTROL

INTRUSION VIDEO SURVEILLANCE

EXPORTS TO 100 COUNTRIES

resideo
ADIDISTRIBUTION | Segment Overview

**Growth Culture**

<table>
<thead>
<tr>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.2B</td>
<td>$2.5B</td>
</tr>
</tbody>
</table>

6.5%+ CAGR

**Product Categories**

- Intrusion
- Fire
- Video Surveillance
- Access Control
- Power
- Audio/Video PRO & Residential
- Networking
- Comms
- Central Vacuum
- Tools & Hardware
- Wire & Cable

**2017 Actual**

- **Sales by Geography**
  - Americas: 81%
  - EMEA: 17%
  - India: 2%
  - Other: 3%

- **Sales by Product Category**
  - Security: 70%
  - Other: 30%

*Other includes: Fire and life safety, wire and cable, audio visual, and all other

*Security includes: Intrusion, video surveillance, and access control
ADI DISTRIBUTION | Geographic Footprint

200+ Stocking Locations

19 Distribution Centers

1,300 Suppliers

350K Products

North America
- Office locations within US and Canada
- 108 branches
- 9 distribution centers

India
- 16 branches
- 3 distribution centers
- 13 stock locations

EMEA
- 71 branch locations across 14 countries in Europe
- 9 distribution centers
- 5 warehouses

Exports
- 100+ countries globally
- Targeted growth in other regions with large customers

Countries with stocking locations
Sales in 100+ countries
ADI DISTRIBUTION | Service Excellence as a Competitive Advantage

Value Added Services

Product Trainings and Showcase
24/7 Order Pickup
Programming, Testing, Configuration
Systems Design
Total Supply Chain Management
Project Registration

60+ NPS*

*Internal survey data

Products and Services Helping Our Customers Be More Productive, Knowledgeable, and Profitable
**ADi DISTRIBUTION** | **Growth Initiatives**

**Key Growth Drivers**

- Enhance Digital Experience
- Expand Product Categories
- Expand Sales Footprint
- Continued Support of Honeywell Commercial Security and Fire Products

**More Products Through Existing Channels**

<table>
<thead>
<tr>
<th>ADI Website &amp; Mobile App</th>
<th>Professional A/V and Connectivity</th>
<th>Private Label</th>
</tr>
</thead>
</table>

**Direct Lens into Industry Trends for Professional Channel**
Growth Strategy
Inder Reddy | Vice President, Corporate Strategy
## GROWTH STRATEGY | Driving Growth Across Five Areas

<table>
<thead>
<tr>
<th>Products and Solutions</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Solutions</td>
<td></td>
</tr>
<tr>
<td>Software &amp; Connectivity</td>
<td></td>
</tr>
<tr>
<td>Professional Channels</td>
<td></td>
</tr>
<tr>
<td>New Channels &amp; Geographies</td>
<td></td>
</tr>
<tr>
<td>Customer Service &amp; New Categories</td>
<td></td>
</tr>
</tbody>
</table>

Double Down on the Pro Channel and Grow Connected Categories
GROWTH STRATEGY | Winning with Design, Technology and Connectivity

1. INNOVATIVE SOLUTIONS to Solve Customers’ Critical Needs
   - Design Focus
     Designing for everyday life and critical home operations
   - Core Technology
     Essential technologies with industry expertise and know-how
   - Innovation
     Strong patent portfolio, AI, algorithms, control systems and analytics

2. SOFTWARE & CONNECTIVITY for Value and Convenience
   - Common Platform
     Global, hybrid cloud for speed and scale
   - Unified Experience
     Simple, consistent user experience across products
   - Ecosystem Choices
     Curated choices and major ecosystems connectivity

Grow Software and Connected Solutions
Growth Strategy: Growing with Pro Services and Channel Expansion

3 PROFESSIONAL CHANNELS to Strengthen Core and Grow

- Training & Support
- Marketing & Demand Generation
- Learning & Networking Events
- Partner Productivity Tools

20%+ Connected Category Growth

4 NEW CHANNELS and GEOGRAPHIES to Expand Presence

- Utilities: Energy & Demand Management
- Insurers: Risk Mitigation
- Property Managers: Energy Efficiency, Safety & Productivity
- Retail: DIY Solutions
- High-Growth Countries: Expansion into Select High-Growth Countries via OEM Partnerships & Localized Solutions

$1B+ Opportunity

Pro-First Approach to Deliver Connected Home Solutions
**GROWTH STRATEGY | ADI Distribution Growth Priorities**

**5 DISTRIBUTION EXCELLENCE**

To Support Professional Channel

15%+ Growth

Enhance Digital Customer Experience

- Enhanced eCommerce experience
- Pre-sales support, Training | Secure Lockers | 1-hour pick up service

25-35% Growth

Growth in Core & Adjacent Categories

- Professional AV and connectivity
- ADI private label products

20%+ Growth

Expanding Sales Footprint

- Field sales & tele-sales teams
- Selected new geographies

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Distribution Partner of Choice for Connected Home Solutions
## GROWTH STRATEGY | The Resideo Advantage

<table>
<thead>
<tr>
<th>Resideo</th>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge &amp; Expertise</td>
<td>Global Leader – Trusted, Tested, Proven; &gt;150M Homes</td>
</tr>
<tr>
<td>Breadth of Solutions</td>
<td>On the Wall, Behind the Wall, Exterior, and In the Cloud</td>
</tr>
<tr>
<td>Solution Capabilities</td>
<td>End-to-end Hardware &amp; Software Solutions</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>Unified, Seamless Experience with ADI Distribution</td>
</tr>
<tr>
<td>Go to Market</td>
<td>Pro First; Simplified Connected Home Experience</td>
</tr>
</tbody>
</table>

**Well-Positioned to Deliver Strong Profitable Growth**

Double Down on the Pro Channel and Grow Connected Categories
Financial Overview

Joe Ragan  |  Executive Vice President and CFO
### Strong Track Record | (US$ in Millions)

#### Net Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$4,154</td>
<td>$4,455</td>
<td>$4,519</td>
<td>$4,770 - $4,830</td>
</tr>
</tbody>
</table>

*2015 - 2017 CAGR 4%*

#### Adjusted EBITDA\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>$599</td>
<td>$583</td>
<td>$443</td>
<td>$459 - $505</td>
</tr>
<tr>
<td>Indemnity payment of $140M</td>
<td>$13%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>$612</td>
<td>$616</td>
<td>$616</td>
<td>$642</td>
</tr>
</tbody>
</table>

#### Adjusted EBITDA including environmental indemnification payments\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA including environmental indemnification payments</td>
<td>$599</td>
<td>$583</td>
<td>$443</td>
<td>$459 - $505</td>
</tr>
<tr>
<td>Indemnity payment of $140M</td>
<td>$13%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>

#### Capital Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures</td>
<td>$88</td>
<td>$61</td>
<td>$49</td>
<td>$55</td>
</tr>
</tbody>
</table>

#### Adjusted EBITDA margin (pre-indemnity payment)\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA margin (pre-indemnity payment)</td>
<td>12%</td>
<td>12%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

#### Notes:
- Adj. EBITDA margin calculated based off the midpoint of the estimated ranges. See Appendix for Adjusted EBITDA reconciliation. \(^1\)Adjusted EBITDA adjusted for standalone costs, environmental expense, non-operating (income) expense, stock compensation expense and repositioning charges. Adjusted EBITDA is not pro forma for the impact of the Trademark License Agreement. Blue Dotted box on chart represents indemnity payment of $140M. Solid bars represent Adjusted EBITDA including environmental indemnification payments and is adjusted for an indemnity payment of $140M. PF Adjusted EBITDA represents Adjusted EBITDA adjusted for the impact of the Trademark License Agreement. 2015 Trademark License Agreement Impact assumes ~$30M. PF Adjusted EBITDA including environmental indemnification payments is PF Adjusted EBITDA adjusted for an indemnity payment of $140M.
Attractive Financial Profile
2015 – 2018 Net Sales Bridge | (US$ in Millions)

- 2015 Net Sales: $4,154
- Products: $76
- Distribution: $289
- 2017 Net Sales: $4,519
- 2018E Products: $90 - $118
- 2018E Distribution: $160 - $193
- 2018E Net Sales: $4,770 - $4,830
Profitable Growth
2015 – 2017 EBITDA Bridge | (US$ in Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$345</td>
<td>$139</td>
<td>$(103)</td>
<td>$62</td>
<td></td>
<td>$583</td>
<td>$(29)</td>
<td>$554</td>
<td>$(140)</td>
<td>$414</td>
</tr>
</tbody>
</table>

Note: Adjusted EBITDA including environmental indemnification payments is Adjusted EBITDA adjusted for an indemnity payment of $140M. Adjusted EBITDA adjusted for standalone costs, environmental expense, non-operating (income) expense, stock compensation expense and repositioning charges. Adjusted EBITDA is not pro forma for the impact of the Trademark License Agreement. See Appendix. PF Adjusted EBITDA excluding environmental indemnification payments is PF Adjusted EBITDA adjusted for an indemnity payment of $140M. PF Adjusted EBITDA represents PF EBITDA adjusted for the impact of the Trademark License Agreement, standalone costs, environmental expense, non-operating (income) expense, stock compensation expense and repositioning charges. See Appendix.
Accelerating EBITDA
2017 – 2018 EBITDA Bridge | (US$ in Millions)

Note: PF Adjusted EBITDA represents PF EBITDA adjusted for the impact of the Trademark License Agreement, standalone costs, environmental expense, non-operating (income) expense, stock compensation expense and repositioning charges. 1 PF Adjusted EBITDA including environmental indemnification payments is PF Adjusted EBITDA adjusted for an indemnity payment of $140M. See Appendix.
Investments that Reinforce Capabilities and Grow Market Position (US$ in Millions)

**Research and Development Priorities**
- Robust patent portfolio (~3,000 patents and pending applications worldwide)
- R&D spending driven by investments in new product platforms and software business
- Strong pipeline to support long-term growth

**Capital Expenditure Priorities**
- Modest capex needs
- Ample capacity for growth
- Continuous improvement in manufacturing processes driven by operating principles

**Research and Development Expenses**

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Expense (as a % of Product Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$110 9%</td>
</tr>
<tr>
<td>2016</td>
<td>$105 4%</td>
</tr>
<tr>
<td>2017</td>
<td>$120 5%</td>
</tr>
<tr>
<td>2018E</td>
<td>~$125 ~5%</td>
</tr>
</tbody>
</table>

**Capital Expenditures**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (as % of Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$66 2%</td>
</tr>
<tr>
<td>2016</td>
<td>$60 1%</td>
</tr>
<tr>
<td>2017</td>
<td>$49 1%</td>
</tr>
<tr>
<td>2018E</td>
<td>~$55 ~1%</td>
</tr>
</tbody>
</table>

Note: 2018E % of product sales calculated based off the midpoint of the estimated ranges.
Strong Capital Structure and Liquidity Position to Drive Growth (US$ in Millions)

<table>
<thead>
<tr>
<th>Pro Forma Capitalization</th>
<th>Capital Allocation Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tranche</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>Cash and Cash Equivalents³</td>
<td>$75</td>
</tr>
<tr>
<td>$350M Revolver</td>
<td>-</td>
</tr>
<tr>
<td>Term Loan A</td>
<td>$350</td>
</tr>
<tr>
<td>Term Loan B</td>
<td>$475</td>
</tr>
<tr>
<td>Total Secured Debt</td>
<td>$825</td>
</tr>
<tr>
<td>Net Secured Debt</td>
<td>$750</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>$400</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$1,225</td>
</tr>
<tr>
<td>Total Net Debt ⁴</td>
<td>$1,150</td>
</tr>
<tr>
<td>PF LTM Q2 2018 Adj. EBITDA including environmental indemnification payments ²</td>
<td>$474</td>
</tr>
</tbody>
</table>

¹ 2015 – 2017 organic growth. ² PF Adjusted EBITDA including environmental indemnification payments is PF Adjusted EBITDA adjusted for an indemnity payment of $140M. PF Adjusted EBITDA represents EBITDA adjusted for the impact of the Trademark License Agreement, environmental expense, stand-alone costs, non-operating (income) expense, stock compensation expense and repositioning charges. ³ Honeywell and the Company have agreed that, upon completion of the Spin-Off and the related retirement of certain intercompany liabilities between Honeywell and the Company on or shortly after the Share Distribution Date, the Company will have an aggregate amount of cash-on-hand equal to approximately $76 million to $100 million. ⁴ Assumes $75M cash and cash equivalents. See Appendix.
## Indemnification and Reimbursement Overview and Impact

<table>
<thead>
<tr>
<th>Agreement for 25 years with maximum cash payment capped at $140M in respect of any year (exclusive of any late payment fees up to 5% per annum) plus any deferred amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial relationship with Honeywell; not a contingent liability for Resideo</td>
</tr>
<tr>
<td>Honeywell retains liability and is responsible for management and remediation</td>
</tr>
<tr>
<td>Cash payments subordinated to all material indebtedness and subject to compliance with financial covenants</td>
</tr>
<tr>
<td>Expenses recognized under the agreement not tax deductible by Resideo</td>
</tr>
<tr>
<td>Conservative expectation of $140M of cash payment in respect of any year, but actual payment shall be the lesser of $140M or 90% of Honeywell’s net spend</td>
</tr>
</tbody>
</table>

*Note: See Appendix for further information on Indemnification and Reimbursement Agreement.*
## 2019 Full Year Financial Metrics

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic Growth</strong></td>
<td>4%+</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>~13% excl. environmental indemnification payments ¹ / ~10% incl. environmental indemnification payments ²</td>
</tr>
<tr>
<td><strong>Capital Expenditures / Research &amp; Development</strong></td>
<td>Capital Expenditures at ~1% of sales / Research and Development Expenses of ~$125M</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>~27% Marginal Tax Rate</td>
</tr>
<tr>
<td><strong>Capital Return</strong></td>
<td>Expect to declare modest dividends (~20% payout ratio) subject to Board approval</td>
</tr>
<tr>
<td><strong>Balance Sheet Priorities</strong></td>
<td>Funding growth with existing liquidity; Targeting long-term gross leverage ~2x</td>
</tr>
</tbody>
</table>

Note: Achieving these stated financial goals involves risk and uncertainties, many factors could affect actual financial results and could cause actual results to differ materially from these stated financial goals. See “Risk Factors,” “Forward Looking Statements” and “Cautionary Statement Regarding Forward-Looking Statements” in our Form 10. ¹ Adjusted EBITDA represents EBITDA adjusted for the impact of the environmental expense, standalone costs, non-operating (income) expense, stock compensation expense and repositioning charges. ² Adjusted EBITDA including environmental indemnification payments is Adjusted EBITDA adjusted for an indemnity payment of $140M. See Appendix.
Conclusion

Mike Nefkens  |  President and CEO
RESIDEO | We are Winning and Have Momentum

With Resideo:
We believe your home will anticipate and deliver your comfort and efficiency needs through our innovative smart home solutions installed by our professional channel partners

We Have:
• Winning track record with size, scale, and loyal customer base
• Leading positions integrating and running most critical systems in a home
• Well capitalized balance sheet
• Strong cash flow, liquidity and ability to grow business
• Profitable Top and Bottom Line Growth

Positioned to Drive Shareholder Value Well Into the Future
Q&A
Appendix
Supplementary Materials
Indemnification and Reimbursement Overview and Impact

- Honeywell is responsible for the environmental remediation of ~230 sites or groups of sites currently undergoing environmental remediation.
- On the effective date, Resideo will enter into an Indemnification and Reimbursement Agreement (Reimbursement Agreement) with Honeywell.
- Resideo will have obligation to make cash payments to Honeywell related to the remediation of the sites subject to the agreement, up to 90% of cash payments made by Honeywell, less 90% of Honeywell’s net insurance receipts and less 90% of certain other specified amounts received by Honeywell.

Indemnity Obligation

- Payments subject to a cap of $140M in respect of any year (exclusive of any late payment fees up to 5% per annum) plus any deferred amounts.
- Indemnity payment will be subject to compliance with financial covenants in credit agreement and is subordinated to all material indebtedness.
- Agreement for a duration of 25 years, up to December 31, 2043, or 3rd consecutive year during which the annual indemnity payment obligations are less than $25M.

Honeywell’s Net Liability

- Upon spin, Resideo recognizes a liability to account for the contingent aspect of the indemnification and carries over Honeywell’s historical basis of the underlying obligation being indemnified.
- As of June 30, 2016, the Company would have approximately $840M of liability under the Reimbursement Agreement.
- Based on the Reimbursement Agreement, the liability will generally be recorded at 90% of Honeywell’s accrued liability (net of 90% of insurance receipts and certain other specified amounts).
- Quarterly meetings between Honeywell counsel managing liability and Resideo counsel to discuss claims experience.

P&L Impact

- Resideo will generally record 90% of the costs recorded by Honeywell.
  - Honeywell accrues noncash expense related to environmental matters when it is probable that it has incurred a liability and the amount can be reasonably estimated.
  - Note: Expense was $282M in 2017, Averaged ~$215M over last three years.

Cash Flow Impact

- Resideo will record an operating cash outflow for amounts paid to Honeywell in respect of a given year not to exceed the $140M cap plus any late payment amounts accruing if Resideo is subject to a specified event of default under certain indebtedness or is not compliant with certain financial covenants in certain indebtedness on a pro forma basis, provided these conditions are not continuing at this time of payment.

Tax Treatment

- Resideo’s payments to Honeywell will not be tax deductible by Resideo.

Cash Reimbursement Payments to Honeywell Capped at $140M in Respect of Any Year
Net Loss to EBITDA Reconciliation | (US$ in Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$4,154</td>
<td>$4,455</td>
<td>$4,519</td>
<td>$2,158</td>
<td>$2,361</td>
<td>$4,722</td>
</tr>
<tr>
<td>Net Income (Loss) – GAAP</td>
<td>$147</td>
<td>$177</td>
<td>$(394)</td>
<td>$32</td>
<td>$78</td>
<td>$(348)</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>(1)</td>
<td>(3)</td>
<td>(3)</td>
<td>(2)</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Tax Expense</td>
<td>110</td>
<td>133</td>
<td>569</td>
<td>54</td>
<td>6</td>
<td>512</td>
</tr>
<tr>
<td>Depreciation</td>
<td>54</td>
<td>57</td>
<td>57</td>
<td>28</td>
<td>27</td>
<td>56</td>
</tr>
<tr>
<td>Amortization</td>
<td>4</td>
<td>7</td>
<td>19</td>
<td>5</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td><strong>EBITDA (Non-GAAP)</strong></td>
<td><strong>$314</strong></td>
<td><strong>$371</strong></td>
<td><strong>$230</strong></td>
<td><strong>$117</strong></td>
<td><strong>$116</strong></td>
<td><strong>$229</strong></td>
</tr>
<tr>
<td>Environmental Expense</td>
<td>173</td>
<td>190</td>
<td>282</td>
<td>100</td>
<td>176</td>
<td>358</td>
</tr>
<tr>
<td>Estimated Stand-Alone Costs</td>
<td>(16)</td>
<td>6</td>
<td>31</td>
<td>7</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>Stock Compensation Expense</td>
<td>10</td>
<td>13</td>
<td>16</td>
<td>8</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>Non-Operating (Income) Expense</td>
<td>(6)</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Repositioning Charges</td>
<td>10</td>
<td>19</td>
<td>23</td>
<td>19</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Adjusted EBITDA (Non-GAAP)</td>
<td><strong>$485</strong></td>
<td><strong>$599</strong></td>
<td><strong>$583</strong></td>
<td><strong>$253</strong></td>
<td><strong>$314</strong></td>
<td><strong>$644</strong></td>
</tr>
<tr>
<td>Adjusted EBITDA (Non-GAAP) Margin</td>
<td>12%</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Assumed Cash Payments related to Indemnification and Reimbursement Agreement Obligations</td>
<td>(140)</td>
<td>(140)</td>
<td>(140)</td>
<td>(70)</td>
<td>(70)</td>
<td>(140)</td>
</tr>
<tr>
<td>Adjusted EBITDA including environmental indemnification payments (Non-GAAP)</td>
<td><strong>$345</strong></td>
<td><strong>$459</strong></td>
<td><strong>$443</strong></td>
<td><strong>$183</strong></td>
<td><strong>$244</strong></td>
<td><strong>$504</strong></td>
</tr>
<tr>
<td>Adjusted EBITDA including environmental indemnification payments (Non-GAAP) Margin</td>
<td>8%</td>
<td>10%</td>
<td>10%</td>
<td>8%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Net Income (Loss) GAAP Margin</td>
<td>4%</td>
<td>4%</td>
<td>(9)%</td>
<td>1%</td>
<td>3%</td>
<td>(7)%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(88)</td>
<td>(60)</td>
<td>(49)</td>
<td>(22)</td>
<td>(23)</td>
<td>(50)</td>
</tr>
<tr>
<td>Adjusted EBITDA including environmental indemnification payments (Non-GAAP) less Capital Expenditures</td>
<td><strong>$277</strong></td>
<td><strong>$399</strong></td>
<td><strong>$394</strong></td>
<td><strong>$161</strong></td>
<td><strong>$221</strong></td>
<td><strong>$454</strong></td>
</tr>
<tr>
<td>% Conversion</td>
<td>80%</td>
<td>87%</td>
<td>89%</td>
<td>88%</td>
<td>91%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Note: Margins calculated as % of net sales. 1 Assumed cash paid for the environmental obligations subject to the cap of $140M in respect of a year in accordance with the terms of the Indemnification and Reimbursement Agreement. Independent of the Indemnification and Reimbursement Agreement, Resideo will have ongoing liability for certain environmental claims which are part of SpinCo’s going forward business. For 2017 these payments totaled ~$1.1M.

Commentary

1. Represents historical environmental expenses as reported under 100% carryover basis.
2. Represents the difference between Resideo’s estimate of Selling, general and administrative costs as a stand-alone company and historical allocated costs. The preliminary estimates is ~$265M on an annual basis, which replaces the historical allocations on a carve-out basis of presentation.
3. Stock compensation expense adjustment includes only non-cash expenses.
4. Non-operating income / expense adjustment excludes net interest income / expenses.
5. On a going forward basis, pursuant to the Indemnification and Reimbursement Agreement Resideo expects to indemnify Honeywell in amounts equal to 90% of payments. Such payments will be subject to a cap of $140M in respect of liabilities arising in any given year (exclusive of any late payment fees up to 5% per annum).
## Pro-Forma Net Loss to Pro-Forma EBITDA Reconciliation | (US$ in Millions)

<table>
<thead>
<tr>
<th>Reconciliation</th>
<th>PF 2017A</th>
<th>PF LTM Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$4,519</td>
<td>$4,722</td>
</tr>
<tr>
<td>Net Loss – GAAP</td>
<td>$(425)</td>
<td>$(380)</td>
</tr>
<tr>
<td>Net Interest Expense</td>
<td>71</td>
<td>73</td>
</tr>
<tr>
<td>Tax Expense</td>
<td>520</td>
<td>479</td>
</tr>
<tr>
<td>Depreciation</td>
<td>57</td>
<td>58</td>
</tr>
<tr>
<td>Amortization</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>PF EBITDA (Non-GAAP)</strong></td>
<td><strong>$233</strong></td>
<td><strong>$239</strong></td>
</tr>
<tr>
<td>Environmental Expense</td>
<td>254</td>
<td>322</td>
</tr>
<tr>
<td>Estimated Stand-Along Costs</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Stock Compensation Expense</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Non-Operating (Income) Expense</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Repositioning Charges</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td><strong>PF Adjusted EBITDA (Non-GAAP)</strong></td>
<td><strong>$554</strong></td>
<td><strong>$614</strong></td>
</tr>
<tr>
<td>Adjusted EBITDA (Non-GAAP) Margin</td>
<td>12 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Assumed Cash Payments related to Indemnification and Reimbursement Agreement Obligations</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td><strong>PF Adjusted EBITDA including environmental indemnification payments (Non-GAAP)</strong></td>
<td><strong>$414</strong></td>
<td><strong>$474</strong></td>
</tr>
<tr>
<td>Adjusted EBITDA including environmental indemnification payments (Non-GAAP) Margin</td>
<td>9 %</td>
<td>10 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reflects the impact of the Trademark License Agreement with Honeywell, indebtedness from pro-forma capital structure (principal amount of $1,225M), settlement of cash pooling and short-term notes receivables and payables, and impact of certain pension assets and liabilities, impact of Indemnification and Reimbursement Agreement to include 90% of Honeywell's expenses.</td>
</tr>
<tr>
<td>2. Reflects back of net interest expense including adjustments related to indebtedness in an aggregate principal amount of $1,225M.</td>
</tr>
<tr>
<td>3. Reflects back of tax expense including adjustments related to indebtedness from pro-forma indebtedness (principal amount of $1,225M), Trademark License Agreement, settlement of cash pooling and short-term notes receivables and payables, and impact of certain pension assets and liabilities.</td>
</tr>
<tr>
<td>4. Reflects back of environmental expenses including the impact of the Indemnification and Reimbursement Agreement with Honeywell pursuant to which Resideo will have an obligation to make cash payments to Honeywell in amounts equal to 90% of Honeywell’s certain environmental-related liabilities, net of recoveries, in each case related to legacy elements of the Honeywell homes business, including the legal costs of defending and resolving such liabilities.</td>
</tr>
<tr>
<td>5. Reflects the impact of Resideo’s assumption of certain pension assets and liabilities for employees who are eligible for benefits under defined benefit pension plans that are currently sponsored by Honeywell.</td>
</tr>
<tr>
<td>6. Includes impact of Trademark License Agreement with Honeywell in respect of certain Products segment sales.</td>
</tr>
</tbody>
</table>

Source: Management Estimates Note: Assumes transaction close at 31-Dec-2018. Margin calculated as % of net sales. 1 Assumed cash paid for the environmental obligations subject to the cap of $140M in respect of a year in accordance with the terms of the Indemnification and Reimbursement Agreement. Independent of the Indemnification and Reimbursement Agreement, Resideo will have ongoing liability for certain environmental claims which are part of SpinCo’s going forward business. For 2017 these payments totaled ~$1.1M.
## Segment Profit Reconciliation | (US$ in Millions)

### Products Segment Profit Calculation

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>LTM Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$1,116</td>
<td>$1,200</td>
<td>$2,463</td>
</tr>
<tr>
<td>Less Intersegment Sales</td>
<td>(174)</td>
<td>(159)</td>
<td>(322)</td>
</tr>
<tr>
<td>External Sales</td>
<td>$942</td>
<td>$1,041</td>
<td>$2,141</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(529)</td>
<td>(584)</td>
<td>(1,205)</td>
</tr>
<tr>
<td>Selling General and Administrative and Other Expenses</td>
<td>(265)</td>
<td>(259)</td>
<td>(534)</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$149</td>
<td>$198</td>
<td>$402</td>
</tr>
<tr>
<td>Segment Profit Margin</td>
<td>13 %</td>
<td>17 %</td>
<td>16 %</td>
</tr>
</tbody>
</table>

### Distribution Segment Profit Calculation

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>LTM Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$1,216</td>
<td>$1,320</td>
<td>$2,581</td>
</tr>
<tr>
<td>Less Intersegment Sales</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>External Sales</td>
<td>$1,216</td>
<td>$1,320</td>
<td>$2,581</td>
</tr>
<tr>
<td>Cost of Products and Services Sold</td>
<td>(955)</td>
<td>(1,381)</td>
<td>(2,118)</td>
</tr>
<tr>
<td>Selling General and Administrative and Other Expenses</td>
<td>(157)</td>
<td>(165)</td>
<td>(322)</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$64</td>
<td>$74</td>
<td>$141</td>
</tr>
<tr>
<td>Segment Profit Margin</td>
<td>5 %</td>
<td>6 %</td>
<td>5 %</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>LTM Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$2,332</td>
<td>$2,520</td>
<td>$5,044</td>
</tr>
<tr>
<td>Less Intersegment Sales</td>
<td>($174)</td>
<td>($159)</td>
<td>($322)</td>
</tr>
<tr>
<td>External Sales</td>
<td>$2,158</td>
<td>$2,361</td>
<td>$4,722</td>
</tr>
<tr>
<td>Segment Profit</td>
<td>$213</td>
<td>$272</td>
<td>$543</td>
</tr>
<tr>
<td>Segment Profit Margin</td>
<td>9.1 %</td>
<td>10.8 %</td>
<td>10.8 %</td>
</tr>
</tbody>
</table>

### Segment Profit to Income Before Taxes Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>LTM Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products Segment Profit</td>
<td>149</td>
<td>198</td>
<td>402</td>
</tr>
<tr>
<td>Distribution Segment Profit</td>
<td>64</td>
<td>74</td>
<td>141</td>
</tr>
<tr>
<td>Total Segment Profit</td>
<td>$213</td>
<td>$272</td>
<td>$543</td>
</tr>
<tr>
<td>Pension Expense</td>
<td>(8)</td>
<td>(7)</td>
<td>(15)</td>
</tr>
<tr>
<td>Repositioning Charges</td>
<td>(10)</td>
<td>(5)</td>
<td>(9)</td>
</tr>
<tr>
<td>Other Expense</td>
<td>(100)</td>
<td>(176)</td>
<td>(357)</td>
</tr>
<tr>
<td>Interest and Other Charges, net</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Income Before Taxes</td>
<td>$86</td>
<td>$64</td>
<td>$164</td>
</tr>
<tr>
<td>Income Before Taxes Margin</td>
<td>3.7 %</td>
<td>3.3 %</td>
<td>3.3 %</td>
</tr>
</tbody>
</table>

Note: Segment profit margin calculated as % of total sales.