JEFFERIES INDUSTRIALS CONFERENCE
AUGUST 5, 2020

GREG LEWIS
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Honeywell
Forward Looking Statements

This presentation contains certain statements that may be deemed “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, technological, and COVID-19 public health factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, and other developments, including the potential impact of the COVID-19 pandemic, and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

No final decision will be taken with respect to such plans or proposals without prior satisfaction of any applicable requirements with respect to informing, consulting or negotiating with employees or their representatives. 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 used in this presentation are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales; EBITDA, which we define as income before taxes adjusted for interest and other financial charges, interest income, depreciation, and amortization; free cash flow, which we define as cash flow from operations less capital expenditures; adjusted free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust for certain items as presented in the Appendix; adjusted free cash flow conversion, which we define as adjusted free cash flow divided by net income attributable to Honeywell, excluding separation costs related to the spin-offs and the impact of the favorable resolution of a foreign tax matter related to the spin-off transactions, if and as noted in the presentation; and adjusted earnings per share, which we adjust to exclude pension mark-to-market expenses and adjustments to the charges taken in connection with the 4Q17 U.S. tax legislation charge. 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 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.
Response to Global Financial Crisis

- Maintained flat segment margins on sales down (15%) in 2009
- $1B+ cost reduction from 2009 actions
- Grew adjusted free cash flow through the recession
- Reduced leverage from 2.8x in 2009 to 2.0x in 2012
- Maintained Moody’s A2 and S&P’s A credit rating
- Contributed over $5B to pension from 2009 - 2012
- Invested for the long-term; focused on global expansion and new product introductions

2010 - 2019

Cumulative Total Shareowner Return
- Industrial Select Sector SPDR (XLI)
- S&P 500
- Honeywell

- 3-Year: 39%, 53%, 69% (259%)
- 10-Year: 257% (493%)

Segment Margin
- 2010: 13.8%
- 2019: 21.1%
- +730 bps

Adjusted EPS
- 2010: $3.00
- 2019: $8.16
- 13.0% CAGR

Adj. FCF % of Net Sales
- 2010: 10.6%, 10.6%
- 2019: 17.1%
- +650 bps

2Q 2020 Recap

- Rapidly built a robust pipeline of customer solutions to address COVID-19
- Generated record high orders and backlog in SPS, driven by PPE and Intelligrated
- Recorded total HON long-cycle backlog up LSD
- Reduced fixed cost by ~$0.5B in 2Q and ~$0.7B in 1H
- Expanded segment margin in two of our four segments: HBT and SPS
- Limited decremental margin to 33%
- Generated $1.3B of FCF, resulting in adjusted conversion of 140%
- Invested over $225M in capex, up 33% YoY
- Paid $650M in dividends and reaffirmed dividend

Honeywell Delivers for Shareholders in All Environments
BALANCE SHEET STRENGTH AND LIQUIDITY

2Q20 Ending Balance

- **Cash and Short-Term Investments**: $15.1B
- **Net Debt / LTM EBITDA**: 0.9x

Balance Sheet Strength:
- ~$15B in cash and short-term investments vs. $4.3B CP and bond maturities due within one year
- Net leverage less than 1.0x
- Fully funded pension plan

2015 – 2019 Capital Deployment (Dividends, Share Repurchases, M&A)

- **Capital Deployed**: $34.2B
- **Adjusted FCF**: $26.1B

Capital Deployment and Optionality:
- Long track record of deploying >100% of FCF to M&A, buybacks, and dividends
- Significant liquidity, modest leverage, and robust FCF provide ongoing flexibility to aggressively deploy capital

Highly Liquid; Modest Leverage; Track Record of Capital Deployment

Leverage ratio source: internal HON estimate; debt is defined as long-term debt, commercial paper and other short-term borrowings and current maturities of long-term debt; net debt is defined as debt less cash and cash equivalents and short-term investments. Adjusted free cash flow excludes the impacts from separation costs related to the spin-offs.
MULTIPLE VALUE DRIVERS FOR 2021 AND BEYOND

Innovating to Address Customer Needs

PPE Expansion
Healthy Buildings Solutions
UV Cabin System
Vaccine Packaging
ThermoRebellion
Safety Packs

Value Drivers Through the Recovery

• Aggressively investing in high return growth opportunities that are emerging across our entire company; innovation pipeline well aligned to megatrends:
  • AI, cloud, analytics
  • Mobility, connectivity
  • Contact-free economy
  • Platforms / XaaS
  • Sustainability

• Customer solutions in high growth areas such as e-commerce and health and safety have potential for more than $1.5B of sales growth through 2021

• Maturing breakthrough initiatives with potential for another $1B+ of sales growth by 2023: Smart Cities, Sustainability Solutions, Next-Gen Distribution Center, Quantum Computing, etc.

• Short cycle / high margin businesses likely to lead the recovery; favorable mix driving margin expansion into 2021 and beyond

• ~$1B of permanent fixed cost reduction; enhanced operating leverage

• Substantial capital deployment optionality with strong bias towards M&A

Investing in Growth; Focused on Execution; Positioned for the Recovery
Greg Lewis is Senior Vice President and Chief Financial Officer (CFO) of Honeywell. Since joining Honeywell in 2006, Greg has held a series of finance leadership roles. Prior to becoming CFO, he was Vice President of Corporate Finance, where he led Treasury, Tax, Audit, Business Analysis and Planning, Investor Relations, M&A, Real Estate, Pension, Finance Operations and Enterprise Information Management (EIM). He focused on building a culture of managing data and information as a strategic asset.

Upon joining Honeywell, he first served as CFO of the former Specialty Products unit within Performance Materials and Technologies (PMT). Subsequently, he served as Vice President of Business Analysis and Planning (BAP), CFO for Honeywell Process Solutions (HPS) and then CFO for the Automation and Control Solutions (ACS) segment.

With a broad background in financial leadership across multiple industries, Greg began his career at Kraft Foods in 1991 and went on to roles at The Stanley Works and Tyco International.

Greg holds a master’s degree in business administration from Fordham University and a bachelor’s degree in finance from the University of Connecticut. He also is Six Sigma Green Belt Certified.
## RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

<table>
<thead>
<tr>
<th>($M)</th>
<th>2010</th>
<th>2019</th>
<th>2Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$33,370</td>
<td>$36,709</td>
<td>$7,477</td>
</tr>
<tr>
<td>Segment profit</td>
<td>$4,616</td>
<td>$7,739</td>
<td>$1,385</td>
</tr>
<tr>
<td>Stock compensation expense (1)</td>
<td>(164)</td>
<td>(153)</td>
<td>(34)</td>
</tr>
<tr>
<td>Repositioning, Other (2,3)</td>
<td>(629)</td>
<td>(598)</td>
<td>(295)</td>
</tr>
<tr>
<td>Pension and other postretirement service costs (4)</td>
<td>(689)</td>
<td>(137)</td>
<td>(38)</td>
</tr>
<tr>
<td>Operating income</td>
<td>$3,134</td>
<td>$6,851</td>
<td>$1,018</td>
</tr>
<tr>
<td>Segment profit</td>
<td>$4,616</td>
<td>$7,739</td>
<td>$1,385</td>
</tr>
<tr>
<td>+ Net sales</td>
<td>$33,370</td>
<td>$36,709</td>
<td>$7,477</td>
</tr>
<tr>
<td>Segment profit margin %</td>
<td>13.8%</td>
<td>21.1%</td>
<td>18.5%</td>
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<tr>
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<td>$33,370</td>
<td>$36,709</td>
<td>$7,477</td>
</tr>
<tr>
<td>Operating income margin %</td>
<td>9.4%</td>
<td>18.7%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

(1) Amounts included in Selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
(3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
(4) Amounts included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.
# RECONCILIATION OF EPS TO ADJUSTED EPS

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2019</th>
</tr>
</thead>
</table>
| Earnings (loss) per share of common stock - assuming dilution (EPS)  
(1)                              | $2.59 | $8.41 |
| Pension mark-to-market expense  
(2)                              | 0.41  | 0.13  |
| Impacts from U.S. Tax Reform    | -     | (0.38) |
| Adjusted earnings per share of common stock - assuming dilution | $3.00 | $8.16 |

(1) For the twelve months ended December 31, 2019 and 2010, adjusted earnings per share utilizes weighted average shares of approximately $730.3 million and 780.9 million.

(2) Pension mark-to-market expense uses a blended tax rate of 24% and 32.3% for 2019 and 2010.

We believe Adjusted EPS is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.
## RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW AND CALCULATION OF ADJUSTED FREE CASH FLOW CONVERSION

<table>
<thead>
<tr>
<th>($M)</th>
<th>2Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>$1,480</td>
</tr>
<tr>
<td>Expenditures for property, plant and equipment</td>
<td>(227)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1,253</td>
</tr>
<tr>
<td>Separation cost payments</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted free cash flow</td>
<td>$1,253</td>
</tr>
</tbody>
</table>

- Net income (loss) attributable to Honeywell: $1,081
- Separation-related tax adjustment: (186)
- Adjusted net income attributable to Honeywell: $895

<table>
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<th>($M)</th>
<th>2Q20</th>
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<tr>
<td>Cash provided by operating activities</td>
<td>$1,480</td>
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<tr>
<td>+ Net income (loss) attributable to Honeywell</td>
<td>$1,081</td>
</tr>
<tr>
<td>Operating cash flow conversion</td>
<td>137%</td>
</tr>
<tr>
<td>Adjusted free cash flow</td>
<td>$1,253</td>
</tr>
<tr>
<td>+ Adjusted net income attributable to Honeywell</td>
<td>$895</td>
</tr>
<tr>
<td>Adjusted free cash flow conversion %</td>
<td>140%</td>
</tr>
</tbody>
</table>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe that this metric is useful to investors and management as a measure of cash generated by business 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. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.
### RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe adjusted free cash flow is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

We believe that this metric is useful to investors and management as a measure of cash generated by business 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. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>$4,203</td>
<td>$5,519</td>
<td>$5,498</td>
<td>$5,966</td>
<td>$6,434</td>
<td>$6,897</td>
</tr>
<tr>
<td>Expenditures for property, plant and equipment</td>
<td>(651)</td>
<td>(1,073)</td>
<td>(1,095)</td>
<td>(1,031)</td>
<td>(828)</td>
<td>(839)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>3,552</td>
<td>4,446</td>
<td>4,403</td>
<td>4,935</td>
<td>5,606</td>
<td>6,058</td>
</tr>
<tr>
<td>Separation cost payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>424</td>
<td>213</td>
</tr>
<tr>
<td>Adjusted free cash flow</td>
<td>$3,552</td>
<td>$4,446</td>
<td>$4,403</td>
<td>$4,935</td>
<td>$6,030</td>
<td>$6,271</td>
</tr>
</tbody>
</table>
# RECONCILIATION OF INCOME BEFORE TAXES TO EBITDA

<table>
<thead>
<tr>
<th></th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>2Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Before Taxes</td>
<td>$1,967</td>
<td>$1,768</td>
<td>$1,935</td>
<td>$1,219</td>
<td>$6,889</td>
</tr>
<tr>
<td>Interest and other financial charges</td>
<td>96</td>
<td>91</td>
<td>73</td>
<td>90</td>
<td>350</td>
</tr>
<tr>
<td>Interest income</td>
<td>(64)</td>
<td>(61)</td>
<td>(44)</td>
<td>(22)</td>
<td>(191)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>263</td>
<td>269</td>
<td>243</td>
<td>250</td>
<td>1,025</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$2,262</td>
<td>$2,067</td>
<td>$2,207</td>
<td>$1,537</td>
<td>$8,073</td>
</tr>
</tbody>
</table>

We define EBITDA as Income before taxes adjusted for Interest and other financial charges, Interest income and Depreciation and amortization.

We believe that EBITDA is a measure useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.