# FIRST QUARTER 2025 EARNINGS RELEASE

Honeywell

THE FUTURE IS WHAT WE MAKE IT

APRIL 29, 2025

Honeywell

# FORWARD LOOKING STATEMENTS

We describe many of the trends and other factors that drive our business and future results in this presentation. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), including statements related to the proposed spin-off of the Company's Advanced Materials business into Solstice Advanced Materials, a standalone, publicly traded company, the proposed separation of Automation and Aerospace Technologies, the sale of the personal protective equipment business, and the acquisition of Sundyne. Forward-looking statements are those that address activities, events, or developments that we or our management intend, expect, project, believe, or anticipate will or may occur in the future. They 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, many of which are difficult to predict and outside of our control, including Honeywell's current expectations, estimates, and projections regarding, among other things, the proposed spin-off of the Company's Advanced Materials business into Solstice Advanced Materials, a standalone, publicly traded company, the proposed separation of Automation and Aerospace Technologies, the sale of the personal protective equipment business, and the acquisition of Sundyne. They are not guarantees of future performance, and actual results, developments, and business decisions may differ significantly from those envisaged by our forward-looking statements, including the consummation of the spin-off of the Advanced Materials business into Solstice Advanced Materials, the proposed separation of Automation and Aerospace Technologies, the sale of our personal protective equipment business, and the acquisition of Sundyne, and the anticipated benefits of each. We do not undertake to update or revise any of our forward-looking statements, except as required by applicable securities law. Our forward-looking statements are also subject to material risks and uncertainties, including ongoing macroeconomic and geopolitical risks, such as the impacts of tariffs and other trade barriers and restrictions, lower GDP growth or recession in the U.S. or globally, supply chain disruptions, capital markets volatility, inflation, and certain regional conflicts, which can affect our performance in both the near- and long-term. In addition, no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this presentation can or will be achieved. These forward-looking statements should be considered in light of the information included in this presentation, our Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

# 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; Segment profit margin, on an overall Honeywell basis; Organic sales percent change; Free cash flow; Adjusted earnings per share; Adjusted income before taxes; Adjusted income tax expense; and Adjusted effective tax rate, if and as noted in the presentation.

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 measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

# KEY MESSAGES

- **Exceeded high end of guided sales, margin, and adjusted EPS ranges in 1Q; improved cash performance**
- **Maintaining pragmatic approach to 2025 outlook; raising 2025 EPS guidance while incorporating expected net impact of tariffs, mitigation actions, and global economic uncertainty**
- **Taking actions to bolster capabilities as portfolio transformation leads into separation**

**Operational Strength Mitigating Macro Challenges**

# LEADERSHIP ANNOUNCEMENTS

## SU PING LU

**SVP, GENERAL COUNSEL AND CORPORATE SECRETARY**

- Newly appointed **Officer of the Company** to head legal, government relations, global security, and health and safety teams
- Currently VP and Corporate Secretary; **Honeywell veteran** with **exceptional leadership** and **legal expertise**

## ANNE MADDEN

**SVP, PORTFOLIO TRANSFORMATION AND SENIOR ADVISOR**

- Selected to guide Honeywell through separation activities and **ongoing portfolio optimization efforts**
- **29 years at Honeywell**; global head of M&A for 16 years, leading 100+ acquisitions worth over **$15 billion**

**EFFECTIVE MAY 5, 2025**

## STEPHEN WILLIAMSON

**INDEPENDENT DIRECTOR AND AUDIT COMMITTEE MEMBER**

- **SVP and CFO of Thermo Fisher Scientific**; held various leadership positions within Honeywell during career
- Deep **industry expertise** and extensive **M&A integration experience**

**EFFECTIVE APRIL 1, 2025**

**Honeywell Leadership Updates Highlight Dedication to M&A Excellence**

# THREE INDUSTRY-LEADING PUBLIC COMPANIES

| HONEYWELL AUTOMATION | HONEYWELL AEROSPACE | SOLSTICE ADVANCED MATERIALS |
|---|---|---|
| ***Pure play automation leader*** *solving the world's most complex problems and powering digital transformation globally* | ***Premier technology and systems provider*** *for all forms of aircraft; to be one of the largest publicly-traded aerospace suppliers* | ***Sustainability-focused specialty chemicals and materials pure play****; leading technologies and compelling investment profile* |

## UPDATE ON SEPARATIONS

- Separation of Aerospace and Automation to be accomplished through a **tax-free spin of Honeywell Aerospace**
- Remaining entity to be **Honeywell Automation, led by Chairman and CEO Vimal Kapur**
- **Established separation management offices** to allow us to keep delivering for all stakeholders during transition
- **Revealed company name, leadership team**, and headquarters location for Advanced Materials spin
- **Share repurchase accelerated to $3B YTD**; 2% 2025 net share count reduction, ahead of 1% annual commitment
- Continuing portfolio optimization with **strategic Sundyne acquisition** accretive to organic growth and margins

**On Track to Complete Spins While Maintaining Operational Focus**

# PORTFOLIO TRANSFORMATION

| | 2023 | 2024 | 2025 - 2026+ |
|---|---|---|---|
| **Strategy and Organization** | • Strategic alignment around three megatrends<br>• Business re-segmentation | • Initiation of comprehensive internal business and portfolio review including transformational actions | • Continued strategy execution and preparation to create three independent public companies<br>• Progress Quantinuum technical milestones for eventual IPO |
| **Strategic Bolt-on Acquisitions** | • CCC (IA) *Jun 2023*<br>• SCADAfence (IA) *Aug 2023* | • Access Solutions (BA) *Jun 2024*<br>• Civitanavi (AT) *Aug 2024*<br>• CAES Systems (AT) *Sep 2024*<br>• Air Products LNG (ESS) *Sep 2024* | • Continued portfolio optimization<br>• Enhance value proposition of each business through strategic bolt-ons in high-growth segments<br>  • **Sundyne (ESS)** ***Announced Mar 2025*** |
| **Separations and Divestitures** | • Proactive portfolio pruning | • Sale of PPE (IA) *Announced Nov 2024* →<br>• Spin of Advanced Materials (ESS) *Announced Oct 2024* → | • Complete PPE sale *Close May 2025*<br>• Spin Advanced Materials (ESS) *Complete by end of 2025 or early 2026*<br>• **Separate Aero and Automation** ***Complete in 2H 2026*** |

**Separations an Important Step in Ongoing Portfolio Optimization**

# WELL-POSITIONED FOR GLOBAL TRADE UNCERTAINTY

## UNITED STATES

~45% of total sales[1]

## EUROPE

~20% of total sales[1]

## CHINA

~5% of total sales[1]

## REST OF WORLD

~30% of total sales[1]

Local for local
- > 80%
- 50 - 80%

## MITIGATION EFFORTS

**~$500M 2025 exposure, based on current tariffs, which we plan to fully offset with:**

- Targeted pricing actions by product line
- Direct material productivity; value engineering accelerated using AI tools
- Execution of alternative sourcing playbook
- Proactive customer and channel communication

***Utilizing multi-pronged approach to balance defending margins and protecting volumes***

*1. Percentage of sales based on FY24 destination revenue*

**Honeywell's Local for Local Strategy Minimizes Risk**

# 1Q 2025 RESULTS

| | 1Q 2025 ACTUAL | 1Q 2025 GUIDANCE |
|---|---|---|
| ADJUSTED EARNINGS PER SHARE* | $2.51 | $2.15 - $2.25 |
| ORGANIC SALES GROWTH* | Up 4% | Flat - Up 2% |
| SEGMENT MARGIN EXPANSION* | Flat | Down (50) - (10) bps |
| FREE CASH FLOW* | $0.3B | |
| CAPITAL DEPLOYMENT | $2.9B<br>Share Repurchases, Dividends, and Capital Expenditures | |

## 1Q 2025 HIGHLIGHTS

- **Exceeded upper end** of organic sales growth, segment margin expansion, and adjusted earnings per share guidance
- **Organic sales growth of 4%** driven by double-digit growth in commercial aftermarket, defense and space, and building solutions
- **Segment margin flat at 23.0%** with robust expansion in ESS and BA
- **Growth-focused R&D spend increased ~$80M** from the prior year, or 50 bps as a percent of sales to 4.5%
- **Adjusted earnings per share grew 7%**, exceeding upper end of guidance by 26 cents
- **Orders grew 3%** organically, led by AT and BA; **book-to-bill of 1.1x**
- **Backlog again at a record level,** closing the quarter at $36.1B, up 8% year over year excluding acquisition impact
- **Deployed $2.9B** to share repurchases, dividends, and high-return capex
- **Announced Sundyne acquisition** for $2.2B in all-cash transaction

** Non-GAAP financial measure*

**Results Exceeded Guidance Across All Metrics**

# 2Q AND FY 2025 OUTLOOK

## 2Q GUIDANCE

**SALES***
**$9.8B - $10.1B**
Up 1% - 4% Organically*

**SEGMENT MARGIN***
**22.8% - 23.2%**
Down (20) - Up 20 bps

**ADJUSTED EPS***
**$2.60 - $2.70**
Up 4% - 8%

**NET BELOW THE LINE IMPACT**
**($220M - $270M)** [2]

| Effective tax rate | Share count |
|---|---|
| ~17% | ~641M |

## FY GUIDANCE

**SALES**
**$39.6B - $40.5B**
Up 2% - 5% Organically*
*Up 1% - 4%* ex. BBD[1]

**SEGMENT MARGIN***
**23.2% - 23.5%**
Up 60 - 90 bps
*Down (10) – Up 20 bps* ex. BBD[1]

**ADJUSTED EPS***
**$10.20 - $10.50**
Up 3% - 6%
*Down (1%) - Up 2%* ex. BBD[1]

**FREE CASH FLOW***
**$5.4B - $5.8B**
Up 10% - 18%
*Down (2%) - Up 5%* ex. BBD[1]

## 2Q AND FY 2025 GUIDANCE ASSUMPTIONS

**Inclusions**
- All global tariffs enacted with current rates and timing
- Identified demand risk in 2H due to global uncertainty
- Multi-front mitigation efforts that will fully offset incremental costs
- Early May PPE sale ($200M) sales, ($0.02) EPS vs. prior guide[3]

**Exclusions**
- Future changes to tariffs or economic environment
- Sundyne acquisition, expected to close in the second quarter

** Non-GAAP financial measure*
*1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of $0.4B, Net Income of $0.3B, and Cash Flow of $0.5B.*
*2. Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, interest income, amortization of acquisition-related intangibles, stock compensation expense, pension ongoing income, other postretirement income, amortization of acquisition-related intangibles, certain acquisition- and divesture-related costs and impairments, and repositioning and other charges.*
*3. Prior 2025 guidance assumed a mid-year close of the sale of our PPE business. Accelerated closing reduces 2Q and FY Sales and Adj. EPS guidance by ($200M) and ($0.02), respectively.*

**Raising Midpoint of EPS Guidance**

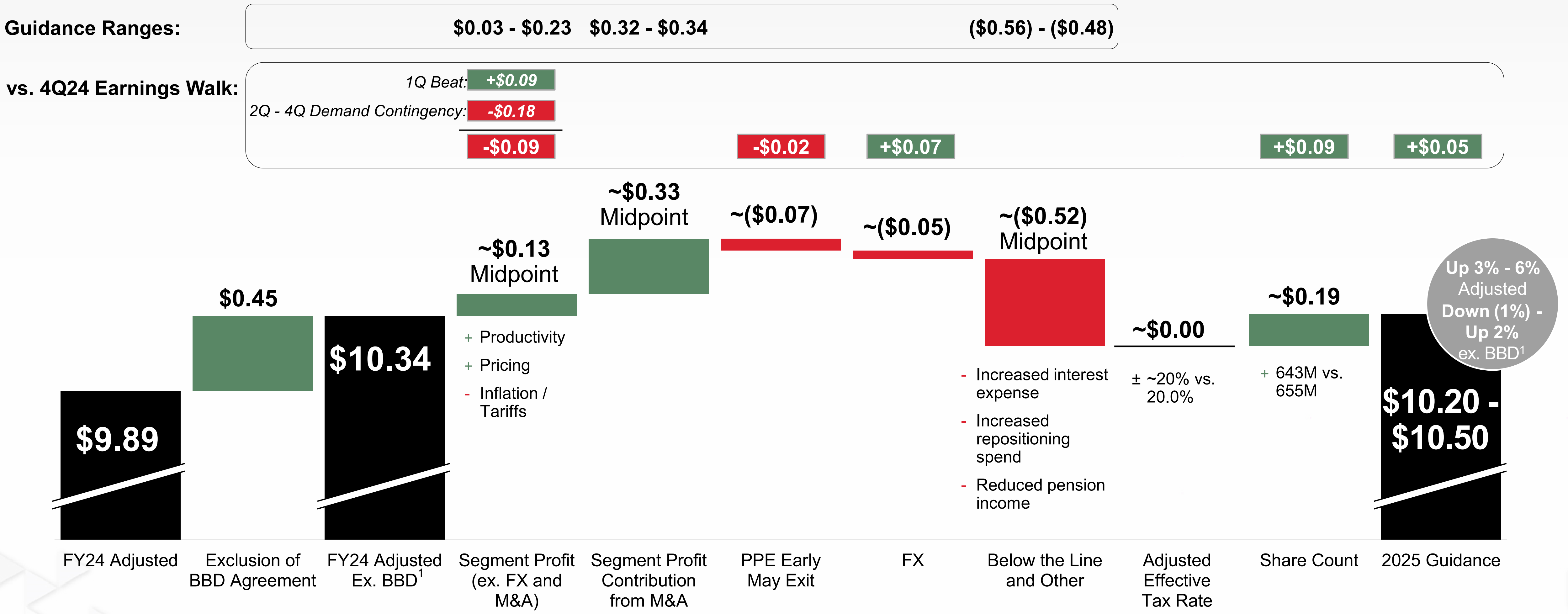
# FY 2025 SEGMENT GUIDANCE

| ($M) | ORGANIC GROWTH RESULTS AND GUIDANCE | | | 2025 COMMENTARY |
|---|---|---|---|---|
| | 1Q 2025 | 2Q 2025 | FY 2025 | |
| AT | 9% | MSD - HSD | HSD<br>MSD - HSD ex. BBD[1] | • Commercial OE sales growth on shipset output ramp<br>• Continued momentum in commercial aftermarket, defense and space<br>• Margin of ~26% as volume leverage is offset by commercial OE mix pressure and CAES integration, weighing on core margins |
| IA | (2%) | (MSD) | (MSD) | • Assumes slightly weakened demand for rest of the year; upside should global market turmoil subside<br>• HPS leads growth; warehouse automation stabilizes from 2024 lows; sensing mixed; PSS macro challenges, 2H product refresh; PPE a drag in 1H, boost in 2H from exit<br>• Margin slightly up as commercial excellence, productivity more than offset volume deleverage |
| BA | 8% | LSD - MSD | MSD | • Solutions growth outpaces products, even as products momentum continues; orders strength in datacenters, airports, and hospitality projects<br>• Gradual recovery in Europe; high growth regions robust led by the Middle East<br>• Margin improvement due to productivity, accretive M&A, and volume leverage |
| ESS | (2%) | Flat - Up | LSD | • UOP orders strength; continued momentum in projects from backlog conversion<br>• Advanced Materials strengthens in the back half after challenging prior year comps<br>• Margin ~ flat as productivity actions and LNG acquisition offset cost inflation |

*1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of $0.4B, Net Income of $0.3B, and Cash Flow of $0.5B.*

**Prudent Guidance**

# 2025 EARNINGS PER SHARE BRIDGE




*1. Financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of $0.4B, Net Income of $0.3B, and Cash Flow of $0.5B.*

**Segment Profit Growth Offset by Below the Line Items, Economic Uncertainty**

# SUMMARY

- Strong start to the year across all guided metrics; growth in orders and backlog
- Raising midpoint of adjusted EPS guidance, net of expected impact of tariffs, mitigation actions, and global demand uncertainty
- While geopolitical volatility clouds demand picture, containment efforts to temper potential impact
- Separations proceeding well; laser-focused on delivering commitments to stakeholders
- Continuing disciplined capital deployment with Sundyne acquisition and active share repurchases

**Navigating an Uncertain Environment from a Position of Strength**

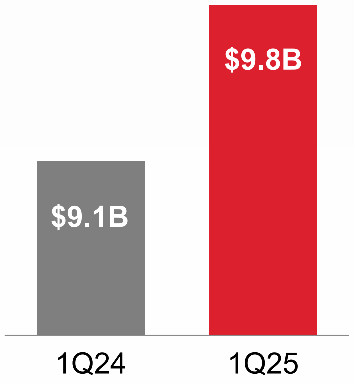
# *Appendix*

# 1Q 2025 FINANCIAL SUMMARY

| SALES | SEGMENT MARGIN* | ADJUSTED EPS* | FREE CASH FLOW* |
|---|---|---|---|
| Up **4% Organic*** | **Flat bps** | Up **7%** | Up **61%** |

### SALES

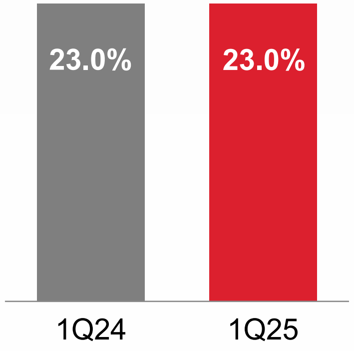
Up **4% Organic***




- \+ Double-digit organic growth in commercial aftermarket, defense and space, and building solutions
- \+ Return to growth in Warehouse Automation
- \- IA volume headwinds; ESS challenging prior year comps

### SEGMENT MARGIN*

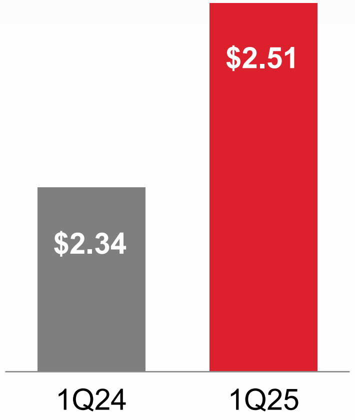
**Flat bps**




- \+ Margin expansion in ESS and BA
- \+ Commercial excellence and volume leverage offset cost inflation
- \- Final quarter of margin headwind from prior year license and settlement payments in IA

### ADJUSTED EPS*

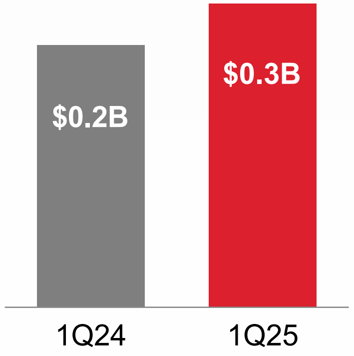
Up **7%**




- \+ Higher segment profit
- \+ Lower share count (652M vs. 657M)
- \- Higher interest expense
- \- Higher adjusted effective tax rate (21.5% vs. 21.0%)

### FREE CASH FLOW*

Up **61%**




- \+ Deployed $2.9B to share repurchases, dividends, and capex
- \+ Higher segment profit
- \- Modest working capital drag

** Non-GAAP financial measure*

**Solid Start to 2025 with Strong Performance Across All Metrics**

# 1Q 2025 SEGMENT RESULTS

($M)

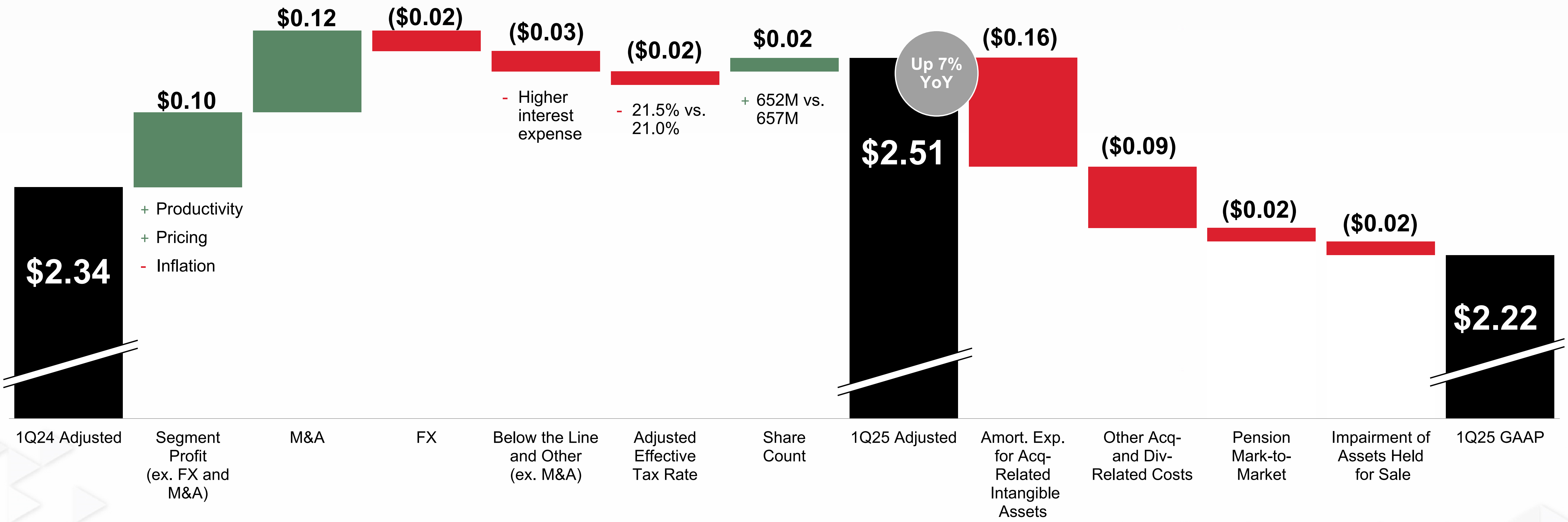
| | SALES | SEGMENT MARGIN CHANGE (BPS) | COMMENTARY |
|---|---|---|---|
| AT | **$4,172**<br>Up 9% Organic | **26.3%**<br>Down (190) bps | • Mid-teens organic growth in commercial aftermarket led by air transport; fifth consecutive quarter of double-digit organic sales growth in defense and space<br>• Robust orders growth; overall book-to-bill of 1.1x<br>• Margin contraction on mix pressure and the impact of acquisitions |
| IA | **$2,378**<br>Down (2%) Organic | **17.8%**<br>Down (130) bps | • Sales decline led by volume headwinds in personal protective equipment<br>• Return to growth in warehouse automation; continued strength in lifecycle solutions and recovery in sensing<br>• Margin contraction due to receivables write-downs and volume deleverage, partially offset by productivity actions |
| BA | **$1,692**<br>Up 8% Organic | **26.0%**<br>Up 150 bps | • Continued strength in building solutions with double-digit growth in both projects and services<br>• Second consecutive quarter of products growth led by continued acceleration in commercial fire and security<br>• Margin expansion driven by volume leverage, productivity actions, and accretion from Access Solutions |
| ESS | **$1,561**<br>Down (2%) Organic | **22.2%**<br>Up 230 bps | • UOP organic sales growth of 2% led by strength in sustainability projects as well as petrochemicals and refining projects<br>• Sustained orders strength in Advanced Materials; segment book-to-bill of 1.2x<br>• Margin expansion due to commercial excellence and productivity actions in Advanced Materials and benefit from LNG acquisition |

**Ongoing Orders Strength Creating Forward Momentum**

# 1Q 2025 SALES GROWTH

| | 1Q Reported | 1Q Organic |
|---|---|---|
| **AEROSPACE TECHNOLOGIES** | **14%** | **9%** |
| Commercial Aviation Original Equipment | (8%) | (7%) |
| Commercial Aviation Aftermarket | 14% | 15% |
| Defense and Space | 23% | 10% |
| **INDUSTRIAL AUTOMATION** | **(4%)** | **(2%)** |
| Process Solutions | (2%) | 0% |
| Productivity Solutions and Services | (16%) | (15%) |
| Sensing and Safety Technologies | (6%) | (5%) |
| Warehouse and Workflow Solutions | 4% | 5% |
| **BUILDING AUTOMATION** | **19%** | **8%** |
| Building Products | 27% | 6% |
| Building Solutions | 8% | 11% |
| **ENERGY AND SUSTAINABILITY SOLUTIONS** | **2%** | **(2%)** |
| UOP | 15% | 2% |
| Advanced Materials | (5%) | (4%) |

# 1Q25 EARNINGS PER SHARE BRIDGE




**Organic and Inorganic Growth Driving EPS Growth**

# ADDITIONAL 2025 INPUTS

| | 1Q25 | 2Q25E | 2025E | COMMENTARY |
|---|---|---|---|---|
| **Pension / OPEB** | $159M | ~$100M | ~$550M | • Headwind from one-time item shifted from 1Q to 2Q |
| **Repositioning** | ($7M) | ($20M - $60M) | ($125M - $225M) | • Lower 1Q spend driving modest reduction versus prior guide |
| **Other Below the Line[1]** | ($305M) | ($300M - $310M) | ($1,350M - $1,400M) | • Increased net interest expense related to acquisitions / share repo |
| **Total Below the Line** | ($153M) | ($220M - $270M) | ($925M - $1,075M) | |
| **Adjusted Effective Tax Rate** | 22% | ~17% | ~20% | • Lower 2Q rate versus FY average to be balanced by higher 3Q rate |
| **Share Count** | 652M | ~641M | ~643M | • Reduced share count versus prior guide on higher 1Q repurchase |
| **Corporate and Quantinuum** | ($51M) | (~$135M) | (~$450M) | • Segment profit for Corporate and Quantinuum |

*1. Other below the line includes asbestos, environmental expenses net of spin reimbursements, net interest, foreign exchange, stock option expense, RSU expense, M&A, and other expense.*

# 2025 GUIDANCE PROGRESSION

| | ORIGINAL GUIDE (From 4Q24 Earnings Call) | CURRENT GUIDE (From 1Q25 Earnings Call) |
|---|---|---|
| **SALES** | **$39.6B - $40.6B** | **$39.6B - $40.5B** |
| Organic Growth* | Up 2% - 5% (Up 1% - 4% ex. BBD[1]) | Up 2% - 5% (Up 1% - 4% ex. BBD[1]) |
| **SEGMENT MARGIN*** | **23.2% - 23.6%** | **23.2% - 23.5%** |
| Margin Expansion | Up 60 - 100 bps (Down 10 - Up 30 bps ex. BBD[1]) | Up 60 - 90 bps (Down (10) - Up 20 bps ex. BBD[1]) |
| Net Below the Line Impact | ($1,075M) - ($925M) | ($1,075M) - ($925M) |
| Effective Tax Rate | ~20% | ~20% |
| Share Count | ~649M | ~643M |
| **ADJUSTED EPS*** | **$10.10 - $10.50** | **$10.20 - $10.50** |
| Adjusted Growth | Up 2% - 6% (Down 2% - Up 2% ex. BBD[1]) | Up 3% - 6% (Down (1%) - Up 2% ex. BBD[1]) |
| **FREE CASH FLOW*** | **$5.4B - $5.8B** | **$5.4B - $5.8B** |
| YoY Growth (ex. Settlements) | Up 10% - 18% (Down 2% - Up 5% ex. BBD[1]) | Up 10% - 18% (Down (2%) - Up 5% ex. BBD[1]) |

**PPE Sale Timing**

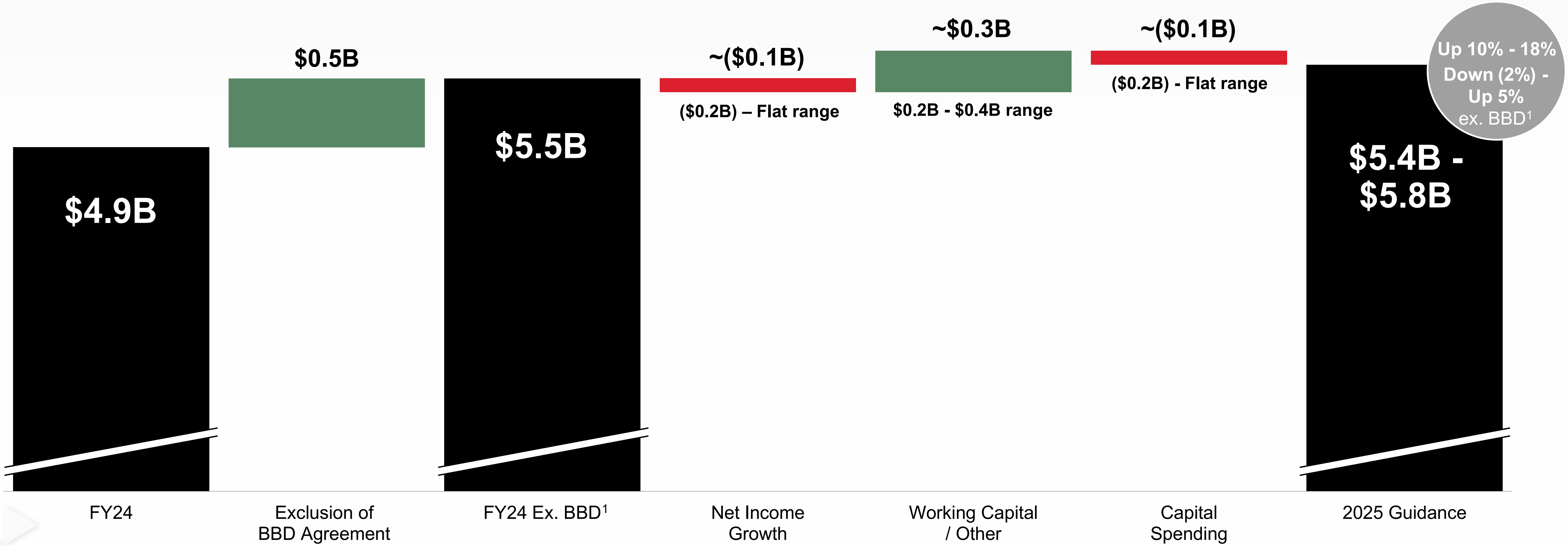
- Current 2025 guide now incorporates an early May close of PPE sale, versus an end of June close in original guide
- Reduces revenue and EPS by an incremental ($200M) and ($0.02) relative to original guide

** Non-GAAP financial measure*

*1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of $0.4B, Net Income of $0.3B, and Cash Flow of $0.5B.*

**2025 Guidance Raise Following Strong 1Q Beat**

# 2025 FREE CASH FLOW BRIDGE

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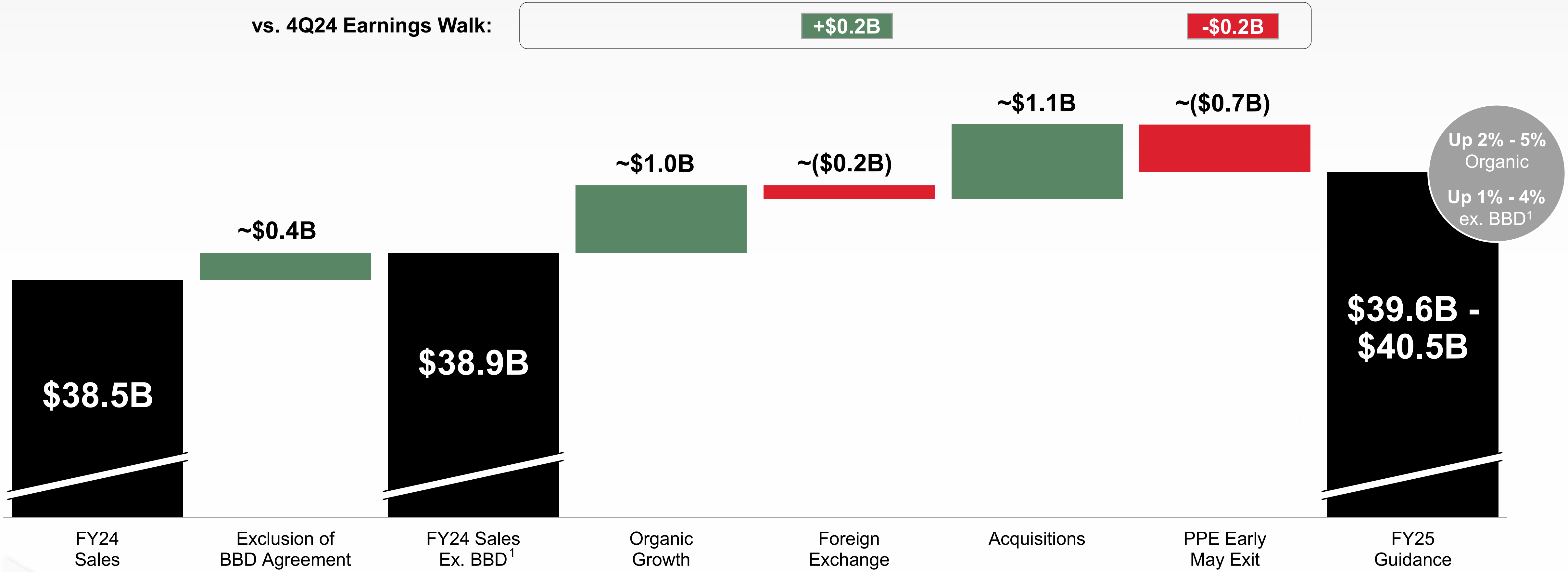
**Working Capital Driving FCF Growth in 2025**

# 2025 SALES BRIDGE

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**Acquisitions Growing at Accretive Rates, Boosting Sales Growth**

# NON-GAAP FINANCIAL MEASURES

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this presentation to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP).

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. Management believes the change to adjust for amortization of acquisition-related intangibles and certain acquisition- and divestiture-related costs provides investors with a more meaningful measure of its performance period to period, aligns the measure to how management will evaluate performance internally, and makes it easier for investors to compare our performance to peers. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Other companies may calculate these non-GAAP measures differently, limiting the usefulness of these measures for comparative purposes.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Investors are urged to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate Honeywell’s business.

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

| *($M)* | 1Q24 | 2Q24 | 1Q25 | 2024 |
|---|---|---|---|---|
| **Operating income** | $ 1,860 | $ 1,978 | $ 1,970 | $ 7,441 |
| **Stock compensation expense[1]** | 53 | 55 | 61 | 194 |
| **Repositioning, Other[2,3]** | 92 | 58 | 62 | 292 |
| **Pension and other postretirement service costs[4]** | 16 | 16 | 14 | 65 |
| **Amortization of acquisition-related intangibles[5]** | 70 | 85 | 136 | 415 |
| **Acquisition-related costs[6]** | 3 | 7 | — | 25 |
| **Indefinite-lived intangible asset impairment[1]** | — | — | — | 48 |
| **Impairment of assets held for sale** | — | — | 15 | 219 |
| **Segment profit** | $ 2,094 | $ 2,199 | $ 2,258 | $ 8,699 |
| | | | | |
| **Operating income** | $ 1,860 | $ 1,978 | $ 1,970 | $ 7,441 |
| **÷ Net sales** | $ 9,105 | $ 9,577 | $ 9,822 | $ 38,498 |
| **Operating income margin %** | 20.4 % | 20.7 % | 20.1 % | 19.3 % |
| | | | | |
| **Segment profit** | $ 2,094 | $ 2,199 | $ 2,258 | $ 8,699 |
| **÷ Net sales** | $ 9,105 | $ 9,577 | $ 9,822 | $ 38,498 |
| **Segment profit margin %** | 23.0 % | 23.0 % | 23.0 % | 22.6 % |

1 Included in Selling, general and administrative expenses.
2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.
3 Included in Cost of products and services sold and Selling, general and administrative expenses.
4 Included in Cost of products and services sold, Research and development expenses, and Selling, general and administrative expenses.
5 Included in Cost of products and services sold.
6 Included in Other (income) expense. Includes acquisition-related fair value adjustments to inventory and third-party transaction and integration costs.

We define operating income as net sales less total cost of products and services sold, research and development expenses, impairment of assets held for sale, and selling, general and administrative expenses. We define segment profit, on an overall Honeywell basis, as operating income, excluding stock compensation expense, pension and other postretirement service costs, amortization of acquisition-related intangibles, certain acquisition- and divestiture-related costs and impairments, and repositioning and other charges. We define segment profit margin, on an overall Honeywell basis, as segment profit divided by net sales. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of operating income to segment profit, on an overall Honeywell basis, has not been provided for all forward-looking measures of segment profit and segment profit margin included herein. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit, particularly pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF ORGANIC SALES PERCENT CHANGE

| | 1Q25 |
|---|---|
| **Honeywell** | |
| **Reported sales percent change** | 8% |
| **Less: Foreign currency translation** | (1)% |
| **Less: Acquisitions, divestitures and other, net** | 5% |
| **Organic sales percent change** | 4% |
| **Aerospace Technologies** | |
| **Reported sales percent change** | 14% |
| **Less: Foreign currency translation** | —% |
| **Less: Acquisitions, divestitures and other, net** | 5% |
| **Organic sales percent change** | 9% |
| **Industrial Automation** | |
| **Reported sales percent change** | (4)% |
| **Less: Foreign currency translation** | (2)% |
| **Less: Acquisitions, divestitures and other, net** | —% |
| **Organic sales percent change** | (2)% |
| **Building Automation** | |
| **Reported sales percent change** | 19% |
| **Less: Foreign currency translation** | (2)% |
| **Less: Acquisitions, divestitures and other, net** | 13% |
| **Organic sales percent change** | 8% |
| **Energy and Sustainability Solutions** | |
| **Reported sales percent change** | 2% |
| **Less: Foreign currency translation** | (1)% |
| **Less: Acquisitions, divestitures and other, net** | 5% |
| **Organic sales percent change** | (2)% |

We define organic sales percentage as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures, for the first 12 months following the transaction date. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change.

# RECONCILIATION OF EPS TO ADJUSTED EPS

| | 1Q24 | 2Q24 | 1Q25 | FY2024 | 2Q25E | 2025E |
|---|---|---|---|---|---|---|
| Earnings per share of common stock - diluted[1] | $ 2.23 | $ 2.36 | $ 2.22 | $ 8.71 | $2.42 - $2.52 | $9.48 - $9.78 |
| Pension mark-to-market expense[2] | — | — | 0.02 | 0.14 | No Forecast | No Forecast |
| Amortization of acquisition-related intangibles[3] | 0.08 | 0.10 | 0.16 | 0.49 | 0.17 | 0.68 |
| Acquisition-related costs[4] | 0.01 | 0.03 | 0.01 | 0.09 | 0.01 | 0.02 |
| Divestiture-related costs[5] | — | — | 0.08 | 0.04 | No Forecast | No Forecast |
| Russian-related charges[6] | 0.02 | — | — | 0.03 | — | — |
| Indefinite-lived intangible asset impairment[7] | — | — | — | 0.06 | — | — |
| Impairment of assets held for sale[8] | — | — | 0.02 | 0.33 | — | 0.02 |
| Adjusted earnings per share of common stock - diluted | $ 2.34 | $ 2.49 | $ 2.51 | $ 9.89 | $2.60 - $2.70 | $10.20 - $10.50 |

1 For the three months ended March 31, 2025, and 2024, adjusted earnings per share utilizes weighted average shares of approximately 651.7 million and 656.6 million, respectively. For the three months ended June 30, 2024, adjusted earnings per share utilizes weighted average shares of approximately 654.2 million. For the twelve months ended December 31, 2024, adjusted earnings per share utilizes weighted average shares of approximately 655.3 million. For the three months ended June 30, 2025, and twelve months ended December 31, 2025, expected earnings per share utilizes weighted average shares of approximately 641 million and 643 million, respectively.

2 For the three months ended March 31, 2025, pension mark-to-market expense is approximately $10 million, net of tax benefit of $4 million, related to the termination of a foreign pension plan. For the twelve months ended December 31, 2024, pension mark-to-market expense was $95 million, net of tax benefit of $31 million.

3 For the three months ended March 31, 2025, and 2024, acquisition-related intangibles amortization includes approximately $103 million and $55 million, net of tax benefit of approximately $33 million and $15 million, respectively. For the three months ended June 30, 2024, acquisition-related intangibles amortization includes $66 million, net of tax benefit of approximately $19 million. For the twelve months ended December 31, 2024, acquisition-related intangibles amortization includes $324 million, net of tax benefit of approximately $91 million. For the three months ended June 30, 2025, and twelve months ended December 31, 2025, expected acquisition-related intangibles amortization includes approximately $110 million and $440 million, net of tax benefit of approximately $25 million and $110 million, respectively.

4 For the three months ended March 31, 2025, and 2024, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs, is approximately $6 million and $4 million, net of tax benefit of approximately $2 million and $1 million, respectively. For the three months ended June 30, 2024, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately $22 million, net of tax benefit of approximately $7 million. For the twelve months ended December 31, 2024, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately $59 million, net of tax benefit of approximately $16 million. For the three months ended June 30, 2025, and twelve months ended December 31, 2025, the expected adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs, is approximately $5 million and $10 million, net of tax benefit of approximately $0 million and $5 million, respectively.

5 For the three months ended March 31, 2025, the adjustment for divestiture-related costs, which is principally comprised of third-party transaction and separation costs, is approximately $51 million, net of tax expense of approximately $3 million. For the twelve months ended December 31, 2024, the adjustment for divestiture-related costs, which is principally comprised of third-party transaction costs, is approximately $23 million, net of tax benefit of approximately $6 million.

6 For the three months ended March 31, 2024, and twelve months ended December 31, 2024, the adjustment is a $17 million expense, without tax benefit, due to the settlement of a contractual dispute with a Russian entity associated with the Company's suspension and wind down activities in Russia.

7 For the twelve months ended December 31, 2024, the impairment charge of indefinite-lived intangible assets associated with the personal protective equipment business is $37 million, net of tax benefit of $11 million.

8 For the three months ended March 31, 2025, the impairment charge of assets held for sale is $15 million, without tax benefit. For the twelve months ended December 31, 2024, the impairment charge of assets held for sale is $219 million, without tax benefit. For the twelve months ended December 31, 2025, the expected impairment charge of assets held for sale is $15 million, without tax benefit.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We believe adjusted earnings per share is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward-looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense or the divestiture-related costs. The pension mark-to-market expense is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The divestiture-related costs are subject to detailed development and execution of separation restructuring plans for the announced separation of Automation and Aerospace Technologies. We therefore do not include an estimate for the pension mark-to-market expense or divestiture-related costs. Based on economic and industry conditions, future developments, and other relevant factors, these assumptions are subject to change.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF EFFECTIVE TAX RATE TO ADJUSTED EFFECTIVE TAX RATE

| *($M)* | 1Q24 | 1Q25 |
|---|---|---|
| Income before taxes | $ 1,871 | $ 1,884 |
| Pension mark-to-market expense | — | 14 |
| Amortization of acquisition-related intangibles | 70 | 136 |
| Acquisition-related costs | 5 | 8 |
| Divestiture-related costs | — | 48 |
| Russian-related charges | 17 | — |
| Impairment of assets held for sale | — | 15 |
| Adjusted income before taxes | $ 1,963 | $ 2,105 |
| | | |
| Income tax expense | $ 396 | $ 417 |
| Pension mark-to-market expense | — | 4 |
| Amortization of acquisition-related intangibles | 15 | 33 |
| Acquisition-related costs | 1 | 2 |
| Divestiture-related costs | — | (3) |
| Russian-related charges | — | — |
| Impairment of assets held for sale | — | — |
| Adjusted income tax expense | $ 412 | $ 453 |
| | | |
| Income tax expense | $ 396 | $ 417 |
| ÷ Income before taxes | $ 1,871 | $ 1,884 |
| Effective tax rate | 21.2 % | 22.1 % |
| | | |
| Adjusted income tax expense | $ 412 | $ 453 |
| ÷ Adjusted income before taxes | $ 1,963 | $ 2,105 |
| Adjusted effective tax rate | 21.0 % | 21.5 % |

We define adjusted income before taxes as income before taxes adjusted for items presented above. We define adjusted income tax expense as income tax expense adjusted for items presented above. We define adjusted effective tax rate as adjusted income tax expense divided by adjusted income before taxes.

We believe that adjusted effective tax rate is a non-GAAP measure that is useful to investors and management as an ongoing representation of our tax rate excluding one-off and unusual transactions. This measure can be used to evaluate our tax rate on our recurring operations. For forward looking information, we do not provide effective tax rate guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expenses and other one-off and unusual transactions.

# RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

| *($M)* | 1Q24 | 1Q25 |
|---|---|---|
| **Cash provided by operating activities** | **$ 448** | **$ 597** |
| **Capital expenditures** | **(233)** | **(251)** |
| **Free cash flow** | **$ 215** | **$ 346** |

We define free cash flow as cash provided by operating activities less cash for capital expenditures.

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

# RECONCILIATION OF EXPECTED CASH PROVIDED BY OPERATING ACTIVITIES TO EXPECTED FREE CASH FLOW

| | 2025E($B) |
|---|---|
| **Cash provided by operating activities** | **~$6.7 - $7.1** |
| **Capital expenditures** | **~(1.3)** |
| **Free cash flow** | **~$5.4 - $5.8** |

We define free cash flow as cash provided by operating activities less cash for capital expenditures.

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

Honeywell