



# **LEADERSHIP WEBCAST SERIES**

## **HBT: BUILDING A MORE SUSTAINABLE FUTURE**

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**Honeywell**

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## 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, COVID-19 public health factors or impacts of the Russia-Ukraine conflict 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, the Russia-Ukraine conflict, 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. We identify the principal risks and uncertainties that affect or performance in our Form 10-K and other filings with the Securities and Exchange Commission.*

# SUSTAINABLE BUILDING TECHNOLOGIES VIDEO

▶ [Honeywell Building Technologies Video](#)

**Honeywell**

# HBT INVESTOR DAY KEY MESSAGES

## Strong Alignment With Secular Macro Tailwinds

- **Building automation** is a large, fragmented and growing market
- Sustained market recovery on **strong macros** such as healthy buildings, climate change, energy savings and regulation
- **Strong global position** with leading brands; **>60%** of revenue outside US
- **Sustainability** reflected in all our solutions

## Differentiated Portfolio With Upside From Digital and Sustainability

- **Best in class** controls portfolio powered by **Honeywell Forge** enables new outcomes
- **Domain expertise** in buildings systems and verticals create **differentiated offerings** enabling superior value capture
- Emerging **sustainability** codes create need for **authenticated** building performance data

## Attractive Long-Term Growth and Margins

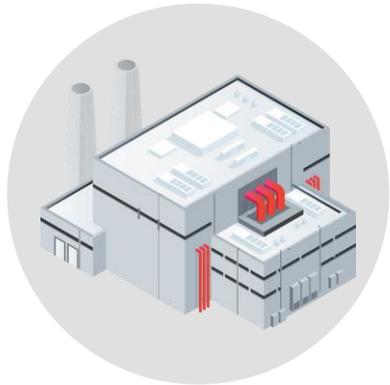
- **Portfolio shift** towards software / digital services raises margins
- **New offerings** and **RMR** based business models
- Increasing adoption of **Honeywell Forge** and AI / ML use cases
- Industry leading margins (**1.5x** peer average)

**Solving the Dual Challenges of Healthy Buildings and Decarbonization**

# SHAPING A MORE SUSTAINABLE FUTURE

## PLATFORMS AND ECOSYSTEM TO LEAD THE PATH TO SUSTAINABLE BUILDINGS

### Building Systems and Services



- ✓ Building Management Systems
- ✓ On-Site Renewables
- ✓ Electrification | EV Charging

### SINGLE DOMAIN EXPERTISE

Honeywell Ecosystem | Equipment | Projects | Services

~\$1.5B services business with **MSD** growth

<sup>1</sup>Leadership in Energy and Environmental Design.

### Automation and Digitalization



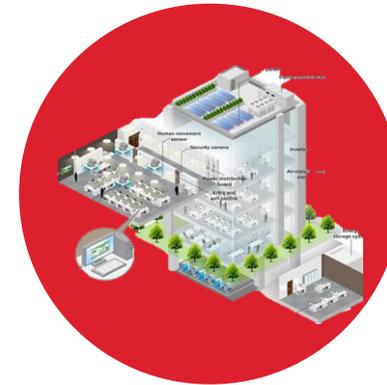
- ✓ Service Digitalization
- ✓ Data Integration
- ✓ Supervisory Controls

### INTELLIGENT CONTROLS

Honeywell Controls and Tridium

~\$1.2B controls and software business with **HSD** growth

### Sustainability Outcomes



- ✓ Occupant Well-Being
- ✓ Energy Optimization
- ✓ Decarbonization
- ✓ LEED<sup>1</sup> Certification

### MULTI-DOMAIN OUTCOMES

Outcomes Powered by Honeywell Forge

~\$1B sustainability business in 3 - 5 years with **20%+** growth

Software and Automation Capabilities Enabling ~\$1B Sustainability Business

# HOW WE DELIVER SUSTAINABLE BUILDINGS

## CUSTOMER NEEDS



### OCCUPANT WELL-BEING 1

Less than 1% of buildings' square feet is WELL<sup>2</sup> certified



### DECARBONIZATION 2

~40% buildings contribution to global emissions

US and EU targeting ~50% carbon reduction by 2030 target<sup>3</sup>



### ACHIEVE NET ZERO 3

~20% of top 2,000 companies have net zero goals

<25% are on track to meet Paris Climate Agreement goals by 2050

## HONEYWELL SOLUTIONS<sup>1</sup>

Healthy Buildings Suite (HBT)

Carbon and Energy Management (HBT)

Consulting and Energy Services (HBT)

Multimodal Optimization (AI / ML) (HBT / HCE)

Energy Storage (BESS<sup>4</sup>) (PMT)

Advanced Filtration (HBT)

CO<sub>2</sub> Sensors (SPS)

Low Global Warming Potential Refrigerants (PMT)

## WHY WE ARE WINNING



Multi-Domain Optimization



Leadership in Building Controls



Edge to Cloud and Integration Capabilities



Cross-Honeywell Innovation

<sup>1</sup>List of Honeywell solutions is not exhaustive. <sup>2</sup>International WELL Building Institute. <sup>3</sup>US 50% reduction from 2005 levels. EU 55% reduction from 1990 levels. <sup>4</sup>Battery Energy Storage System.

## Honeywell Innovation a Differentiator to Achieving Net Zero

# HEALTHY BUILDINGS

## IAQ<sup>1</sup> AND SAFETY AND SECURITY

## SUSTAINABILITY AND IEQ<sup>1</sup>

**ASHRAE<sup>2</sup>  
Compliance**

**WELL  
Enterprise  
Provider**

<b>IAQ Monitoring</b> 	<b>Air Cleaning</b> 
<b>Air Filtration</b> 	<b>Safety and Security</b> 
<b>Ventilation Control</b> 	

<b>Energy Efficiency Multimodal</b> 	<b>Lighting, Noise, Smoke Sensor platform</b> 
<b>Advanced Filtration</b> 	<b>Services   Certifications</b> 

**15% - 20%  
Energy Savings<sup>3</sup>**

**AI- / ML-based  
Healthy and  
Energy Controls  
Automation**

**DIFFERENTIATED  
TECHNOLOGY**

**Intelligent  
Controls**

**Cloud  
Gateways**

**AI / ML  
Algorithms**

**Software and  
Analytics**

**OUTCOMES**



**\$5B → \$8B  
SAM<sup>4</sup> Expansion**



**~\$1.5B  
Pipeline**



**+DD%  
Orders Growth**



**46  
Patents<sup>5</sup>**

<sup>1</sup>Indoor Air Quality, Indoor Environmental Quality. <sup>2</sup>American Society of Heating, Refrigerating, and Air-Conditioning Engineers. <sup>3</sup>Customer results from large school district and Honeywell facility proofs of concept. <sup>4</sup>Healthy Buildings Total Addressable Market in 2022. <sup>5</sup>Patent applications on Healthy Building technologies (expect about half of these patents to be granted within 1 year).

## Leadership in Healthy Buildings | Pivoting to Sustainability



# CUSTOMER PROBLEM

Achieve Carbon Neutrality Without Compromising Occupant Well-Being



# MARKET OPPORTUNITY

~\$1B SAM<sup>1</sup>  
~20% CAGR



# OUTCOMES

Optimize for Healthy Buildings and Sustainability

- ✓ Occupant Well-being
- ✓ Reduced Energy Cost and Carbon Footprint

<sup>1</sup>Serviceable Addressable Market in 2022

# MULTIMODAL OPTIMIZATION

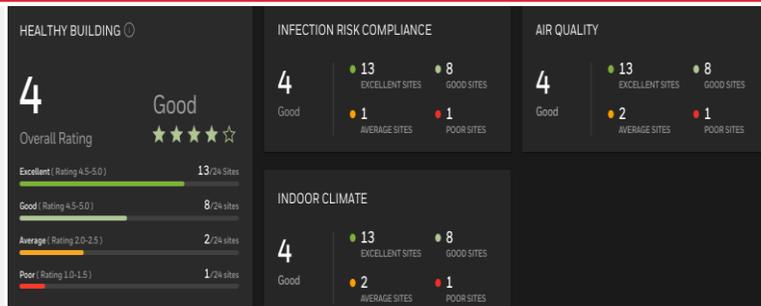


## HEALTHY MODE



## ENERGY EFFICIENCY

### IAQ- and Occupancy-Based Control



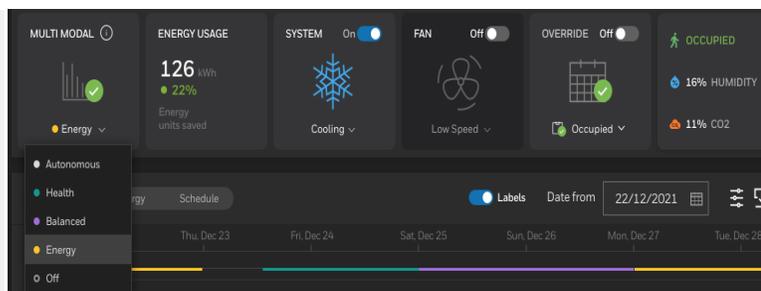
- Portfolio overview of site health
- Building health assessment
- Occupant well-being dashboard
- Insights and recommendations

### Energy and IAQ Balance

AREA NAME	AREA RATING	MULTI MODAL	INFECTION RISK	INDOOR CLIMATE	TEMP (°F)	HUMIDITY	AIR QUALITY	PM 2.5 (µg/m³)	CO2 (PPM)	TVOC(PPB)
SF Design Studio	Excellent	Health	26/28	Excellent	67	34%	Excellent	10	600	250
Cafeteria	Poor	On	20/28	Good	68	49%	Poor	38	990	510
HVAC	-	Energy	-	-	-	-	-	-	-	-
Lighting	-	Energy	-	-	-	-	-	-	-	-
Reception Area	Excellent	Health	26/28	Excellent	69	36%	Excellent	11	550	250

- AI- / ML-based self learning models
- Zone level monitoring and control
- Energy, balanced, and health modes

### Energy and Carbon Optimization



- Temperature set point optimization
- Dynamic HVAC and lighting scheduling
- AI-based power source switching
- Occupancy-based management

## OPTIMIZATION OF BUILDING LEVEL SUBSYSTEMS POWERED BY





# CUSTOMER PROBLEM

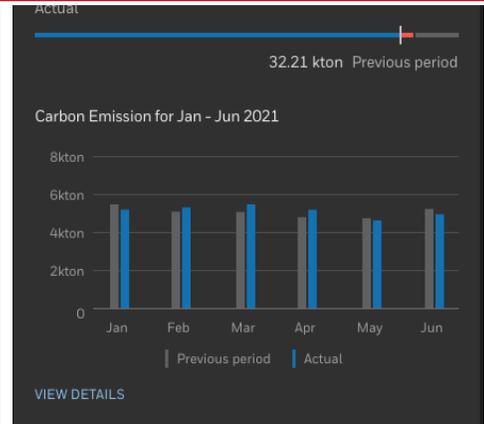
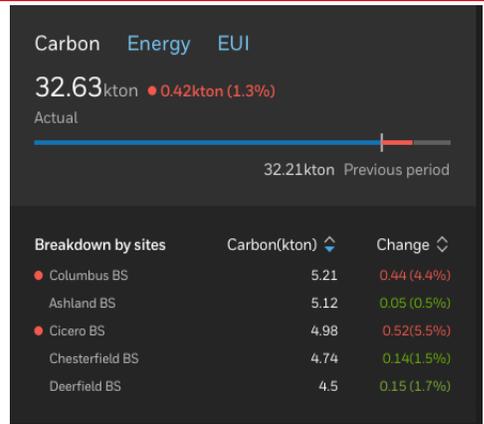
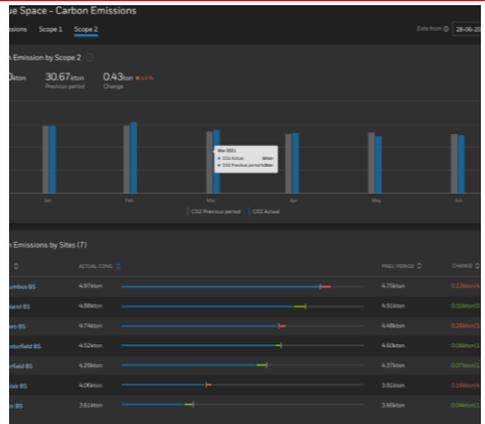
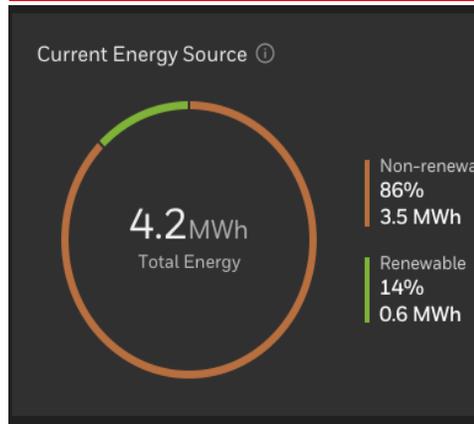
# CARBON AND ENERGY MANAGEMENT

Holistic Carbon Emission Tracking  
Building Portfolio Optimization

## SOLUTION SUITE



# MARKET OPPORTUNITY



~\$3B SAM<sup>1</sup>  
~8% CAGR

### Energy Source Distribution

### Reporting and Analysis

### Enterprise Carbon Analysis

### Decarbonization



# OUTCOMES

- Green vs. Brown Energy
- Reporting compliance (EU)
- Track progress towards energy mix targets

- Scope 1 and 2 emissions breakdown
- Assign emissions to site / asset level
- Track performance against targets

- Benchmark site carbon performance
- Portfolio / site / asset level drill-down

- Emissions trend analysis
- Identify high-emitting assets
- AI- / ML-based dynamic load balancing
- Abatement analysis and corrective action

15% - 20% Energy Savings<sup>2</sup>

Portfolio-Wide Optimization  
Compliance

## OPTIMIZATION OF BUILDING LEVEL SUBSYSTEMS POWERED BY HONEYWELL FORGE

<sup>1</sup>Serviceable Addressable Market in 2022  
<sup>2</sup>Customer results from large school district and Honeywell facility proofs of concept

# HEALTHY AND SUSTAINABLE BUILDINGS

TOTAL SBT SAM EXPANSION FROM \$17B TO \$23B<sup>1</sup> | SBT PIPELINE ~\$4B

## Healthy Buildings

## Energy and Carbon Optimization

## Net Zero and Decarbonization

 **Environmental Controls**

 **Indoor Air Quality (IAQ)**

 **Safety and Security**

 **Digitized Audit / Building Assessment**

 **Carbon and Energy Management**

 **Multi-Domain Optimization (Lighting, HVAC, Elevators, etc.)**

 **Energy Storage (BESS)**

 **On-Site Renewables Integration (Solar PV, EV Charging)**



**Innovation at Scale**

**AI-Based Controls and Analytics**

**OEM Agnostic and Deep Integrations**

<sup>1</sup>Sustainable Building Technologies Serviceable Addressable Market in 2022.

**Honeywell Empowers Buildings Through Technology and End-to-End Services**

# PHOENIX UNION HIGH SCHOOL DISTRICT

**BEFORE 2020**

**2022 - ONWARDS**

**Building  
Controls  
EBI**

**Fire  
Safety**

**Access  
Control  
Intrusion**

**Honeywell Forge  
Digitized  
Maintenance**

**Sine Visitor  
Management**

**Honeywell Forge  
Healthy Buildings  
Dashboard**

**CEMS + Multimodal  
Optimization (Pilot)**

**Controls and Optimization**

**Occupant Well-Being**

**Sustainability**

**Increased Safety | Improved Student Experience | Healthy Buildings | Lower Carbon Emissions**

**Controls and Software Critical to Building Portfolio Optimization**

# ***Appendix***

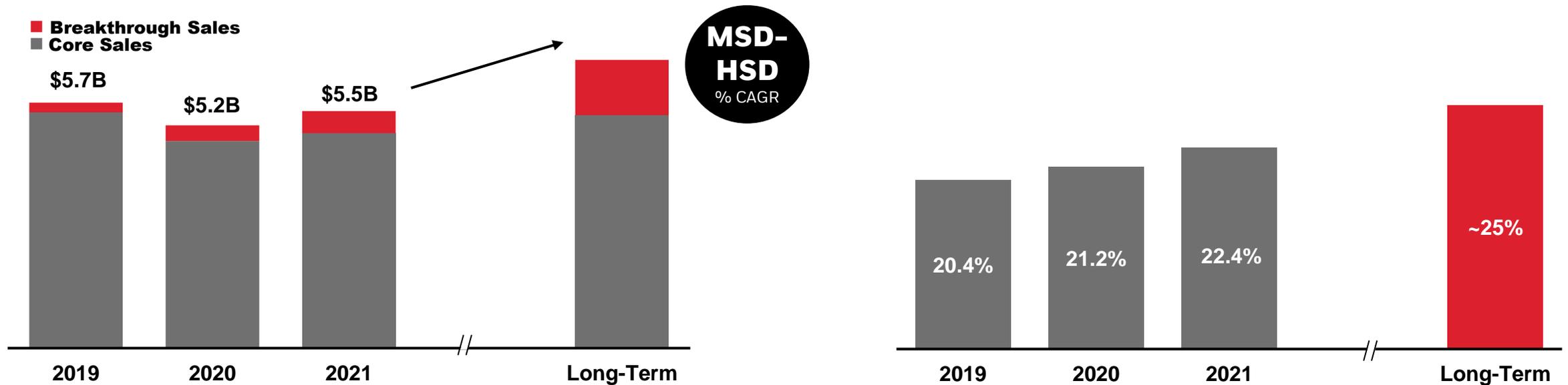
# HBT LONG-TERM FRAMEWORK

## LONG-TERM GROWTH DRIVERS

- Secular macro tailwinds
- Vertical outcomes and sustainability
- Innovation through NPIs and BTIs
- HGR growth
- Aftermarket services digitization

## SEGMENT MARGIN DRIVERS

- Core will drive +100 bps expansion
  - e-Commerce; supply chain automation; verticals
- Portfolio shift strategies +100 bps
  - Software and NPIs
  - Double-digit RMR and outcome-based growth
  - Breakthroughs: sustainability, datacenters



**MSD - HSD Growth With Substantial Margin Expansion**

# HBT SUMMARY

- Core Top Line Growth

**2xGDP**  
Aftermarket  
Services Growth

**+DD%**  
HGRs Growth

**MSD - HSD**  
Long-Term  
Sales CAGR

- Sustainable and Healthy Buildings

**+25%**  
Software Growth

**+DD%**  
RMR Growth

**+40%**  
Breakthrough  
Initiatives Growth

- Financial Strength

**>100%**  
Cash  
Conversion

**>50%**  
Variable Contribution  
Margin

**~25%**  
Long-Term  
Segment Margin

**Sustainability Accelerating HBT Growth**

# Honeywell



# **DOUG WRIGHT**

## **PRESIDENT AND CEO**

### **HONEYWELL BUILDING TECHNOLOGIES**

In July 2021, Doug Wright was named President and CEO of Honeywell Building Technologies (HBT). HBT is a leader in the Internet of Things (IoT) and creates products, software and technologies found in more than 10 million buildings worldwide. Today, HBT is transforming the way buildings operate to help improve the quality of life.

Prior to being named to his current role, Doug was the President of HBT's global Fire & Security business. In that role, he was responsible for all operations, business strategy, P&L and growth for the Fire and Security business – efforts that work to keep people and places safer through integrated fire and security systems that provide early detection, enable a fast response, centralize decision making and that are easy to manage from anywhere.

Prior to joining Honeywell, Doug was Chief Executive Officer and Director for Source Photonics, an optical communications and compound semiconductor company serving datacom and telecom customers. While there, he led a business pivot toward hyperscale data centers, resulting in a doubling of revenue in just three years.

Previously, he worked for United Technologies as President of its Automation and Control Solutions business, leading a \$3 billion business covering building controls, fire and security technologies globally and led UTC's Fire & Security Asia Pacific organization as President. In that role, he led a \$1.5 billion business and executed more than 20 acquisitions in Asia, tripling revenues.

Doug also worked for Ingersoll Rand, holding multiple positions including President of its Asia Pacific Security Technologies team, Vice President and General Manager for Electronic Access Control, and Vice President and General Manager of its Vehicle Service Tool division. Early in his career at IR, he held roles across functions as a design engineer, business development manager, corporate strategy manager and M&A integration manager. In all, Doug worked for eight years in China across UTC and Ingersoll Rand.

Doug graduated with a Bachelor of Science in Mechanical Engineering from Virginia Tech and a Master of Business Administration from the University of North Carolina. He has been a licensed pilot since age 19.



# **MIKE STEPNIAK**

## **VICE PRESIDENT AND CFO**

### **HONEYWELL BUILDING TECHNOLOGIES**

Mike Stepniak is chief financial officer for Honeywell Building Technologies. He leads a team that is responsible for driving financial performance and supporting key aspects of the segment's business operations. Mike provides financial leadership across HBT and has full P&L responsibility as well as balance sheet and controls oversight.

Prior to joining Honeywell in 2020, Mike spent 20 years with General Electric Co., progressing through various global finance leadership roles. He most recently served as CFO of the Oilfield Equipment division at Baker Hughes International, a GE company. Mike started his career in the Financial Management and Corporate Audit programs at GE.

Mike holds an MBA in international business from the University of Memphis and a bachelor's of science in business administration from Edinboro University in Pennsylvania.