Hello,

I trust you are well. We hosted our first **Investor Day** since 2019 with an inaugural event at our new Charlotte headquarters earlier this month (click here for the presentation materials and webcast replay). After seeing many shareowners in person for the first time in two years in CLT, we've been on the road meeting with more investors, fielding questions and collecting feedback on our updated outlook for the Honeywell portfolio and our enhanced growth framework.

In this note we've compiled the most **Frequently Asked Investor Questions** (**FAIQ**) in our discussions post-Investor Day, including some topics related to recent current events. We welcome your feedback and questions as well!

Sean

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What were the key themes coming out of Honeywell's recent Investor Day?

Honeywell's first Investor Day in three years provided several incremental financial targets and commitments to investors, with the following key themes:

1. We are encouraged by the strength across many areas of our portfolio as we continue to execute on our rigorous, differentiated, and **proven value creation framework**, which is underpinned by our accelerator operating system that drives outstanding shareholder value.
2. We published an **upgraded long-term financial framework**, combined with higher capital deployment commitments, which demonstrates continued runway of benefits from our digital and integrated supply chain transformation initiatives, commercial success with our core and breakthrough innovations, and higher software and recurring revenue mix.
3. We made an even **stronger alignment to improved environmental, social, and governance (ESG) outcomes and disclosures**, including a commitment to reducing our scope 3 emissions.
4. And finally, we **reaffirmed first quarter and full-year 2022 guidance**.

What updated long-term top line and segment margin commitments did Honeywell make?

Segment	Top Line Growth Target	Long-Term Segment Margin Target
Aerospace	MSD	~29%
Honeywell Building Technologies	MSD - HSD	~25%
Performance Materials and Technologies	MSD - HSD	~25%
Safety and Productivity Solutions	HSD	18% - 20%
Total Honeywell	4% - 7%	~25% (40 - 60 bps annual expansion)

What gives Honeywell confidence that the Company can achieve this updated growth algorithm?

We will benefit from **end market tailwinds** over the next several years as the macro setup remains favorable for recovery in the aerospace and energy segments. In addition, "The Great Integration" of Honeywell over the past ~5 years is poised to help accentuate both our top- and bottom-lines.

Even if the heavy lifting has peaked internally, we are continuing full-steam ahead on the next leg of our transformation agenda. We are pivoting our **integrated supply chain transformation** efforts from network optimization and productivity to automation and supplier digitization. Our **digital transformation** will now be focused on the end-to-end value chain, from customer ordering to cash collection and people planning. These two transformations alone drove approximately $2 billion in cumulative benefits across gross margin, productivity, and working capital over the last four years, and we are accelerating the pace of realization with $2 billion of cumulative benefits expected over the next three years.

We also expect to benefit from positive mix shift thanks to acceleration of **high margin software, software-embedded hardware, and high-value aftermarket revenue** across the portfolio. Continued strength in software sales will be led by Honeywell Connected Enterprise as a greater mix of revenue is generated from recurring SaaS products, which are accretive to overall Honeywell.

Innovation is a foundational principle at Honeywell. We will continue to innovate in our core offerings through **new product introductions** as well as drive continued commercial success with **breakthrough initiatives** like Sustainable Technology Solutions and Urban Aerial Mobility and Unmanned Aerial Systems graduating to new businesses.

Portfolio optimization will also be a key driver of achieving our updated growth algorithm, which includes both acquisitions and divestitures as we plan to remain contemporary and align businesses with ongoing megatrends. An **accelerated capital deployment commitment**, which includes substantial capacity for both M&A and capital expenditures, will enable us to continue to optimize the portfolio organically and inorganically.

What are Honeywell's upgraded capital deployment commitments? Where will Honeywell deploy capital over the coming years?

We have committed to deploying **at least $25 billion over the next 3 years towards M&A, capital expenditures, share repurchases, and dividends**, with a capacity to deploy between $36 to $39 billion. We have maintained a balanced capital deployment strategy in the past, deploying more than 120% of operating cash flow over the last three years, and we will continue to make both organic and inorganic investments to drive growth. **In 2022, we have already committed to $4 billion of share repurchases**, and our healthy balance sheet leaves us well-positioned for meaningful M&A opportunities.

What growth opportunity does the newly formed Sustainable Technology Solutions business represent for Honeywell? What product offerings sit in this business?

Sustainable Technologies Solutions (STS), which successfully graduated into its own discrete business unit, represents a significant growth opportunity for Honeywell over the next few years. **STS sales were approximately $200 million in 2021 and we anticipate this growing to approximately $700 million by 2024, representing a CAGR greater than 50%**. We booked approximately $300 million of orders in 2021, and we expect this to accelerate as we further commercialize our sustainable technologies.

Some of the key contributors to the STS portfolio include:

- **Renewable Fuels and Hydrogen Economy**: We deploy technologies that **reduce the carbon intensity of the energy industry**. **Ecofining**™ technology converts waste vegetable oils, animal fats, and biocrops into drop-in renewable diesel and renewable jet fuel. Ecofining™ technology is easily adaptable using existing hydroprocessing units to convert a mix of renewable feeds into finished fuels. These Ecofining™ solutions enable refineries and airlines to reduce their GHG emissions and meet compliance needs with lower capital outlays. STS process and separation technologies have the capacity to capture and sequester more than 33M tons of CO_2 per year. Acid gas removal and purification solutions enable **blue hydrogen** production from natural gas with >90% CO_2 emissions reduction, compared to conventional gray hydrogen which does not include carbon capture. UOP electrolyzer technologies also produce **green hydrogen** from water using renewable power.

- **Renewable Energy Storage:** Efficient energy storage is critical to meet the growing demand for renewable energy. New **flow battery technology** works with renewable generation sources such as wind and solar, using a safe, non-flammable electrolyte that converts chemical energy to electricity to store energy for later use offering greater flexibility and extended duration for utilities. It can store and discharge electricity for up to 12 hours, exceeding the duration of lithium-ion batteries, which can only discharge up to 4 hours.
- **Advanced Plastics Recycling:** Another **critical element of sustainability is circularity**, and one new technology that is really going to improve circularity is increased plastics recycling. Honeywell's UpCycle Process Technology expands the types of plastics that can be recycled to 90% of all plastic waste with a lower carbon footprint.

A key theme coming out of Investor Day was an even stronger alignment to improved environmental, social, and governance (ESG) outcomes and disclosures. Can you summarize the key takeaways here?
We are taking a more aspirational approach to our ESG commitments. We remain on track to achieve carbon neutral facilities and operations by 2035 as well as deliver on our 10-10-10 targets by 2024 (details in our Corporate Citizenship Report), continuing our track record of excellence in ESG. In addition to these targets which are largely Scope 1 and 2 in nature, we have **submitted a commitment to the Science-Based Targets Initiative (SBTi) to address our Scope 3 emissions** across our value chain, lowering the environmental footprint of our products and continuing to innovate with products and services that help our customers reduce their own emissions. In fact, over 60% of our revenue in 2021 and ~60% of our new product R&D activity came from solutions that contribute to ESG-oriented outcomes.

In addition, we **enhanced our ESG disclosures**. We now have additional ESG metrics on our investor relations website (which you can find here). These include an ESG data sheet that includes metrics for diversity, water, greenhouse gas, and more, a defense and space fact sheet that includes information on our nuclear- and weapons-related revenue, and a document that breaks down Honeywell's ESG-oriented offerings.

What makes Honeywell so confident in the potential hypergrowth from Quantinuum? What is the timeline for Quantinuum becoming a new business segment or spun off into a public company? How will the business achieve sales growth of ~$20 million today to ~$2 billion by 2026?
The combination of Honeywell Quantum Solutions and Cambridge Quantum **marries the leading quantum computing hardware and the leading quantum computing software** to form the largest and most advanced integrated stand-alone quantum computing company in the world. Quantinuum's technology will help solve some of the world's most pressing challenges, including breakthroughs in drug discovery and delivery, material science, and industrial optimization, just to name a few. This **high-**

value, disruptive combination is driving the fourth Industrial Revolution in an industry that is on track to becoming a $1 trillion market, highlighting **Honeywell's ability to successfully incubate an early-stage, high growth technology business.**

Looking to the future, our goal is to **bring Quantinuum to the public market at the right time** in order to maximize shareholder value, enable Quantinuum to thrive as an independent company with the capitalization and investor profile it needs to reach its full growth potential, and ensure that Quantinuum can continue to attract the best quantum talent and deploy capital consistent with a hyper growth industry leader. Longer term, we see this **as a source of incremental cash back to Honeywell**, to be reinvested or returned to shareholders.

Quantinuum's cybersecurity offering launched in December, Quantum Origin, is the world's first commercial product built using quantum computers that delivers outcomes that classical computers could not achieve. Our quantum computers today can harness the properties of quantum mechanics to provably generate completely unpredictable encryption keys, addressing a fast growing, $20 billion market. **With the introduction of Quantum Origin, which is already serving Fortune 500 customers today, we expect Quantinuum to reach approximately $2 billion in sales by 2026**.

What is the size of your standalone software business today and how fast is it growing? How does Honeywell Connected Enterprise enable the strategic business groups to help customers move to the next level in their digital transformation?

Honeywell Connected Enterprise (HCE) is a **$1.1B business**, growing at a 15% CAGR since our 2019 Investor Day with 24% growth in recurring revenue, which makes up over 50% of the overall mix. As we transition more towards **SaaS-based revenue streams, which we expect to grow at a 60% CAGR through 2024**, the recurring nature of these products will have a material compounding impact on HCE growth over time as the SaaS base grows with high renewal rates.

HCE was created with two goals in mind: 1) to build a **scalable, standalone software business**, and 2) to create **Forge Labs**, which is a team of leading software engineers that work with all of our businesses to **create industry leading software products that are customized to solve our customers most complicated digitalization challenges.**

For example, our building technologies customers trust us to bring them a safe, productive, energy-efficient environment by delivering solutions that control a lot of disparate systems with different data sources. HBT, combined with HCE, deploys software solutions that provide insights and digital service capabilities to customer meet those objectives. In SPS, **Connected Warehouse** is a great example where we use Honeywell sensors on high-value processes and equipment, and deploy asset models and machine learning to deliver enterprise dashboards. Through HCE, we are **delivering software as the actual products versus software as an add-on** across the entire portfolio.

What is the impact of Russia's war on Ukraine on Honeywell's revenue? Any secondary supply chain effects?

Given the current conditions in eastern Europe, we have suspended substantially all of our sales, distribution and service activities in Russia and Belarus. Historically, about 1% of our sales have come from Russia and immediately surrounding areas. We continue to evaluate the situation, but to date we have been able to manage our supply chain without material impact from the region. Our number one priority continues to be the safety and security of our employees and partners in the region and responding to their immediate needs. Our collective thoughts are with the millions of refugees and we hope to see a peaceful resolution quickly.

Is Honeywell seeing upside potential from international defense given shifting priorities in Europe?
Yes, following some of the recent government commitments to increase defense spending in the wake of the conflict in Ukraine, our defense business has experienced a modest benefit in the form of short-cycle demand for spares from international customers. We believe the commitments to increased government spending on defense likely enhance the growth trajectory for our defense business in the coming years, both domestically and internationally.

Are higher oil prices leading to accelerating demand for UOP and/or HPS within the PMT segment?
Both UOP and HPS have experienced **increases in inbound customer inquiries and bidding activity** as oil prices have moved higher, though the trajectory of improvement was underway prior to the sharp increase in oil prices in recent weeks. As a reminder, **less than half (~40%) of PMT's portfolio is tied to oil & gas**, and very little of oil & gas revenue (<10%) comes from upstream E&P producers. Most of our business is derived from downstream petrochemical and refining activity. Honeywell UOP is also a significant contributor to LNG capacity globally, and recent government announcements suggest incremental LNG capacity may be sanctioned beyond what has already been committed. Further, we believe higher oil and gas prices are likely to **accelerate efforts to scale emerging energy transition verticals** (e.g., carbon capture and storage, blue/green hydrogen, battery storage), benefitting our Sustainable Technology Solutions portfolio (which we're already expecting to grow at a +50% CAGR in the coming years). We believe PMT is particularly well-positioned to not only help the world deliver its energy needs in the near term, but doing the same in a more sustainable manner as the energy transition takes hold in the long term.

About Honeywell

Honeywell (www.honeywell.com) is a Fortune 100 technology company that delivers industry specific solutions that include aerospace products and services; control technologies for buildings and industry; and performance materials globally. Our technologies help everything from aircraft, buildings, manufacturing plants, supply chains, and workers become more connected to make our world smarter, safer, and more sustainable. For more news and information on Honeywell, please visit www.honeywell.com/newsroom.

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This publication contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this publication 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. A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for forward-looking measures of segment profit and segment margin included herewithin. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. 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 segment profit to operating income will be included within future filings.*
- *Organic sales growth, which we define as net sales growth less the impacts from foreign currency translation, and acquisitions and divestitures for the first 12 months following transaction date. 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.*