THIRD QUARTER 2024 EARNINGS RELEASE

OCTOBER 24, 2024

Honeywell

THE FUTURE IS WHAT WE MAKE IT

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). Forward-looking statements are those that address activities, events, or developments that management intends, expects, projects, believes, or anticipates will or may occur in the future and include statements related to the proposed spin-off of the Company's Advanced Materials business into a stand-alone, publicly-traded company. 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. 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. 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 lower GDP growth or recession, supply chain disruptions, capital markets volatility, inflation, and certain regional conflicts, that 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 our 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 percentage; Free cash flow; Adjusted free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin excluding impact of settlements; Adjusted free cash flow margin; Adjusted earnings per share; Adjusted earnings per share excluding pension headwind; 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. 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. Adjusted earnings per share for the third quarter of 2024 is defined as diluted earnings per share, excluding amortization of acquisition-related intangibles, acquisition-related costs, and divestiture-related costs and impairments. For the third quarter of 2024, we have clarified our previous definition of adjusted earnings per share to exclude divestiture-related costs and impairments. 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.

HONEYWELL CFO TRANSITION ANNOUNCEMENT
EFFECTIVE FEBRUARY 2025

GREG LEWIS
BROUGHT HONEYWELL INTO DIGITAL AGE

- **Named Senior Vice President of Honeywell Accelerator;** will serve as a Senior Advisor to Chairman and CEO Vimal Kapur
- **As CFO, HON grew revenue, margins, and income**, while also returning significant cash to shareholders, driving digital transformation, and establishing a foundation for sustained future growth
- Launched **enterprise information management program**, marking the beginning of **Honeywell's digital journey**
- Guided the company through **numerous large reorganizations, acquisitions, divestitures, and macroeconomic environments**.

MIKE STEPNIAK
RIGHT PERSON TO ACCELERATE GROWTH

- **Named Next Senior Vice President and Chief Financial Officer of Honeywell;** currently serves as Vice President of Corporate Finance
- Previously served as CFO for Honeywell **Aerospace Technologies** and Honeywell **Building Automation (formerly HBT)**
- **Brings deep expertise in driving commercial expansion and innovation;** proven experience across multiple end markets and economic cycles
- Instrumental in pivoting the Aero business to a **commercial growth agenda**, strengthening the management operating system and forecast accuracy, and **building out digitalization capabilities**

Progressing Through a Seamless Transition

STRATEGIC PRIORITIES

1
ACCELERATE ORGANIC GROWTH

- Innovation playbook
- High growth regions
- Monetize installed base and scale software

2
EVOLVE ACCELERATOR OPERATING SYSTEM

- Integrated operating company
- Enhancing growth, margins, and cash generation
- Taking digital operations to the next level

3
OPTIMIZE PORTFOLIO

- Bolt-on acquisitions
- Divest non-core / simplify
- ↑ Recurring sales / gross margin

FOCUSED ON DELIVERING PROFITABLE GROWTH AND STRONG CASH GENERATION

Strategy Focused on Accelerating Value Creation

PORTFOLIO STRATEGY UNFOLDING

FOUR ACQUISITIONS

- **Access Solutions**: Bolstering Building Automation's equipment-agnostic products business while improving the margin profile
- **Civitanavi**: Growing our Aero navigation and sensors business and reaching new customers in Europe
- **CAES Systems**: Expanding our position on critical Aero defense platforms that are expected to grow significantly in the years to come
- **LNG**: Strengthening our installed base in ESS with complementary offerings aligned to our energy transition portfolio; creating new aftermarket service and software sales opportunities

~$9B
Spent in 2024

~$2B
Run Rate Sales Added

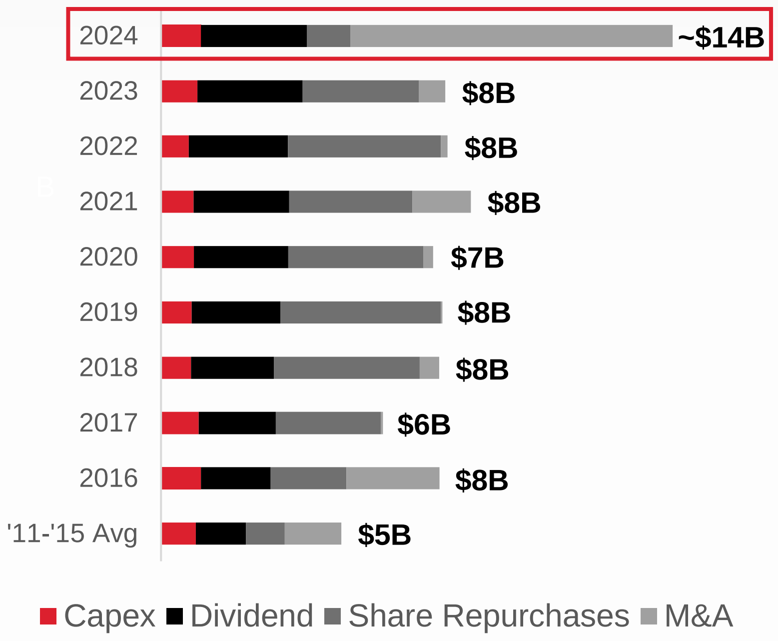
PORTFOLIO SIMPLIFICATION UNDERWAY

- Demonstrated clear commitment to portfolio simplification with sharper focus on our three powerful megatrends
- Creating a well-capitalized and financially flexible **Advanced Materials (AM)** to pursue growth opportunities through investment cycles
- Classification of non-core **PPE** business as held for sale, consistent with portfolio optimization strategy

~$3.8B
AM 2024E Sales

~$1.1B
PPE 2024E Sales

ACCELERATING CAPITAL DEPLOYMENT



On track to surpass commitment to deploy $25B+ of capital through 2025

Making Substantial Progress on Portfolio

3Q 2024 RESULTS

	3Q 2024 Actual	3Q 2024 Guidance
ADJUSTED EARNINGS PER SHARE	$2.58	$2.45 - $2.55
ORGANIC SALES GROWTH	3%	Up 4% – 6%
SEGMENT MARGIN EXPANSION	Flat bps	Down (60) - (30) bps
FREE CASH FLOW	$1.7B	
CAPITAL DEPLOYMENT	$3.1B M&A, Dividends, and Capital Expenditures	

3Q 2024 HIGHLIGHTS

- **Organic sales growth of 3%,** led by double-digit growth in defense and space and commercial original equipment
- **Segment margin flat,** as we leveraged our Accelerator Operating System to expand margins in three of four business segments
- **Segment profit growth of 6%,** driven by double-digit growth in Aerospace Technologies and the Access Solutions acquisition in Building Automation
- **Adjusted earnings per share grew 8%,** exceeding high end of guidance range
- **Generated free cash flow** of $1.7B, up 10% vs. 3Q23
- **Backlog remains at a record level**, exiting the quarter at $34B, +10% year over year and +6% excluding acquisition impact
- **Deployed $3.1B of capital** to M&A, dividends, and high return capex; closed CAES and Civitanavi acquisitions

Adjusted EPS and adjusted EPS V% excludes 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q24 indefinite-lived intangible asset impairment, 3Q24 impairment of assets held for sale, 3Q23 amortization of acquisition-related intangibles, and 3Q23 acquisition-related costs.

Exceeded High End of Adjusted EPS and Segment Margin Guidance

4Q AND FY 2024 OUTLOOK

4Q GUIDANCE

SALES
$10.2B - $10.4B
Up 2% - 4% Organically

SEGMENT MARGIN
23.8% - 24.2%
Down (60) - (20) bps

ADJUSTED EPS
$2.73 - $2.83
Up 1% - 5%

NET BELOW THE LINE IMPACT
($250M - $300M)

Effective tax rate
~17%

Share count
~653M

FY GUIDANCE

SALES
$38.6B - $38.8B
Up 3% - 4% Organically

SEGMENT MARGIN
23.4% - 23.5%
Down (10) - Flat bps

ADJUSTED EPS
$10.15 - $10.25
Up 7% - 8%

FREE CASH FLOW
$5.1B - $5.4B
Down (4%) - Up 2% excluding impact of prior year settlements

Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, 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. Adjusted EPS and Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2024 indefinite-lived intangible asset impairment, 2024 impairment of assets held for sale, 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q24 indefinite-lived intangible asset impairment, 3Q24 impairment of assets held for sale, 3Q23 amortization of acquisition-related intangibles, 3Q23 acquisition-related costs, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability.

Revising Sales Guide to 3% - 4%; Narrowing EPS to High End of Prior Range

SUMMARY

- Exceeded segment margin and adjusted earnings per share guidance in the third quarter; volume headwinds, particularly in IA, weighed on organic sales
- Lowered full-year sales and cash flow guidance, narrowed segment margin and adjusted EPS guidance
- Significant steps taken to simplify and optimize portfolio, aligning to our three megatrends
- Record backlog, accretive growth from recent M&A support a constructive outlook for 2025

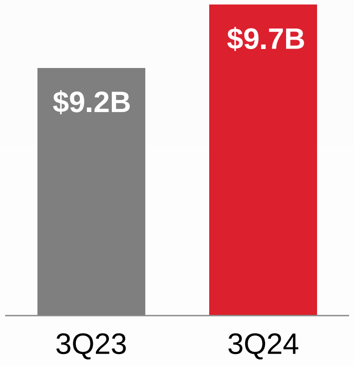
Updated Guidance for 2024; Positive Setup for 2025

Appendix

3Q 2024 FINANCIAL SUMMARY

SALES

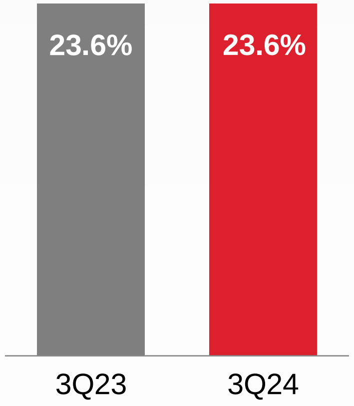
Up 3% Organic



- + Double-digit growth in defense and space and commercial original equipment
- – Volume headwinds in Industrial Automation
- – Discrete manufacturing headwinds in Aerospace Technologies

SEGMENT MARGIN

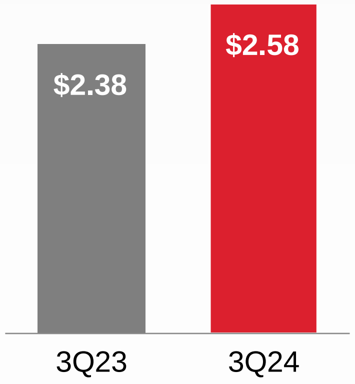
Flat bps



- + Margin expansion in Industrial Automation, Building Automation, and Energy and Sustainability Solutions
- – Higher corporate cost driven by incremental IT spend

ADJUSTED EPS

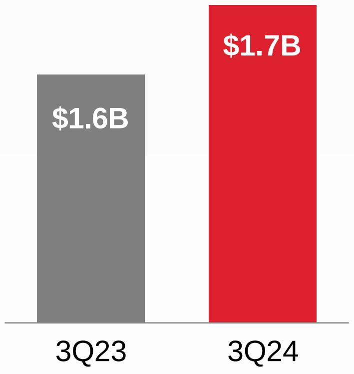
Up 8%



- + Segment profit growth of 6%
- + Lower share count (654M vs. 667M)
- + Lower adjusted effective tax rate (21.0% vs. 23.0%)

FREE CASH FLOW

Up 10%



- + Deployed $3.1B to M&A, dividends, and capex
- + Stronger operational income and higher collections

Adjusted EPS and adjusted EPS V% excludes 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q24 indefinite-lived intangible asset impairment, 3Q24 impairment of assets held for sale, 3Q23 amortization of acquisition-related intangibles, and 3Q23 acquisition-related costs.

Segment Margin Protection While Delivering Sales and Adjusted EPS Growth

3Q 2024 SEGMENT RESULTS

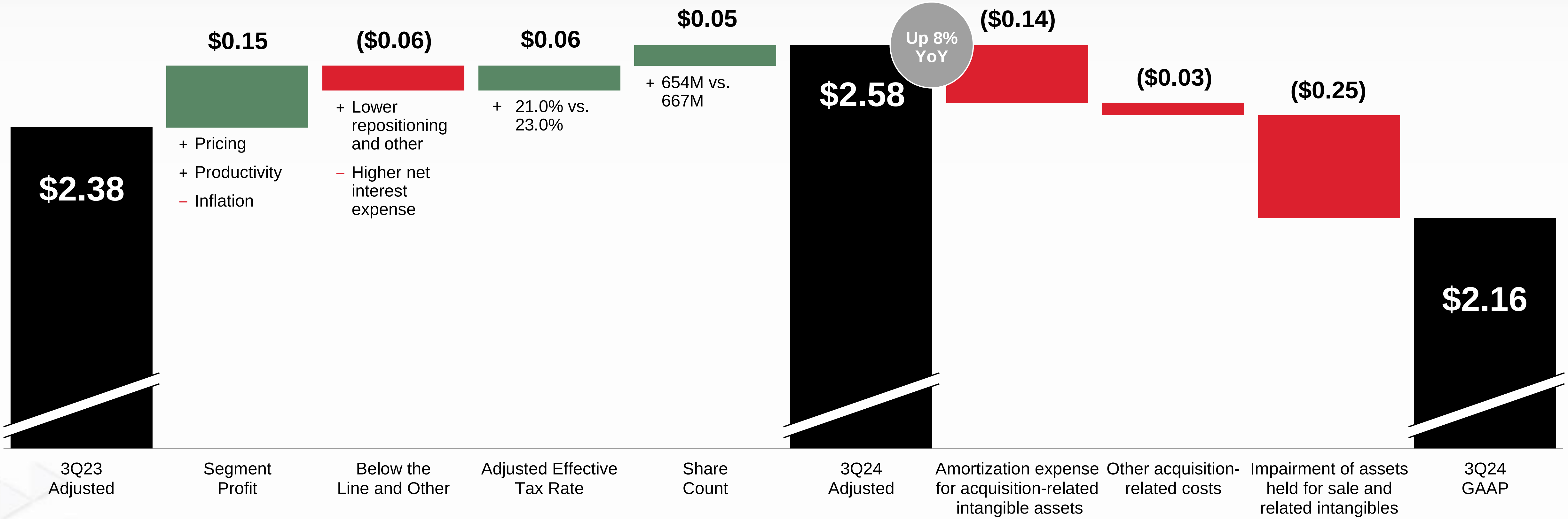
($M)	SALES	SEGMENT MARGIN CHANGE (BPS)	COMMENTARY
AT	**$3,912** Up 10% Organic	**27.7%** Flat bps	• Double-digit growth in business and general aviation original equipment; continued strength in commercial aftermarket; some transitory supply chain disruptions in the quarter • 14% organic sales growth in defense and space on robust demand, D&S book-to-bill of 1.1x • Margins unchanged as commercial excellence and productivity actions were offset by cost inflation and mix pressure within original equipment
IA	**$2,501** Down (5%) Organic	**20.3%** Up 60 bps	• Continued growth in Process Solutions led by strength in aftermarket services and compressor controls • Lower warehouse automation volumes; double-digit sales and orders growth in productivity solutions and services excluding prior year license and settlement payments • Margin expansion due to productivity actions and commercial excellence, partially offset by cost inflation and volume leverage
BA	**$1,745** Up 3% Organic	**25.9%** Up 30 bps	• Double-digit organic sales growth in projects; sequential growth in both building solutions and building products, first full quarter of benefit from Access Solutions • Another quarter of double-digit year over year orders growth, including sequential and year over year improvement in building products and over 20% year over year growth in building solutions • Third consecutive quarter of sequential margin expansion, driven by the impact of Access Solutions and commercial excellence partially offset by cost inflation
ESS	**$1,563** Up 1% Organic	**24.5%** Up 10 bps	• Growth in advanced materials due to further improvement in specialty chemicals and materials and continued growth in fluorine products • Second consecutive quarter of double-digit growth in orders with over 50% growth in UOP, overall book-to-bill of 1.2x • Margin expansion driven by commercial excellence net of inflation

Driving Growth While Preserving Margins

3Q 2024 SALES GROWTH

	3Q Reported	3Q Organic
AEROSPACE TECHNOLOGIES	**12%**	**10%**
Commercial Aviation Original Equipment	10%	10%
Commercial Aviation Aftermarket	8%	8%
Defense and Space	18%	14%
INDUSTRIAL AUTOMATION	**(5%)**	**(5%)**
Process Solutions	2%	2%
Productivity Solutions and Services	(5%)	(4%)
Sensing and Safety Technologies	(9%)	(9%)
Warehouse and Workflow Solutions	(29%)	(29%)
BUILDING AUTOMATION	**14%**	**3%**
Building Products	18%	(1%)
Building Solutions	8%	8%
ENERGY AND SUSTAINABILITY SOLUTIONS	**1%**	**1%**
UOP	(2%)	(2%)
Advanced Materials	3%	3%

3Q 2024 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% excludes 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q24 indefinite-lived intangible asset impairment, 3Q24 impairment of assets held for sale, 3Q23 amortization of acquisition-related intangibles, and 3Q23 acquisition-related costs.

Segment Profit and Share Count Driving EPS Growth

WHAT'S CHANGED SINCE 2Q

SALES	SEGMENT MARGIN	ADJUSTED EPS
3Q24	**3Q24**	**3Q24**
- Unexpected delays in Process Solutions / UOP and modestly softer short cycle sales in Industrial Automation - Discrete manufacturing disruptions in Aerospace	+ Supply chain disruptions in commercial original equipment drove favorable mix tailwind quarter-over-quarter + Timing delay of CAES and LNG closures lifted margin through reduced integration cost + Strong cost control measures	+ Reduced integration costs and interest expense for CAES and LNG due to timing + Low end of repositioning guide
4Q24	**4Q24**	**4Q24**
- Energy sector delays and push-outs impacting HPS and UOP - Slower acceleration of output growth in Aerospace - Moderate revenue impact due to weather-related manufacturing disruptions	- Reduced volume leverage in Industrial Automation - Commercial original equipment volume planned for 3Q delayed to 4Q due to supply chain disruptions - Catalyst delivery push-outs a mix headwind within UOP	- Reduced segment profit primarily driven by Industrial Automation and Aero volumes + Pension income higher due to discrete event moving into 2025 + Favorable adjustments to income tax contingencies and taxable income mix

Transitory Factors Softening 2H24 Outlook vs. Prior Guidance

M&A IMPACT

	3Q24 ACTUALS			4Q24 OUTLOOK			FY24 OUTLOOK		
	CORE	ACQUISITIONS	TOTAL HON	CORE	ACQUISITIONS	TOTAL HON	CORE	ACQUISITIONS	TOTAL HON
Sales	$9.5B	~$200M	$9.7B	$9.7B - $9.9B	~$500M	$10.2B - $10.4B	$37.8B - $38.0B	~$800M	$38.6B - $38.8B
Segment Margin	23.4%	~20 bps	23.6%	23.9% - 24.3%	~(10) bps	23.8% - 24.2%	23.3% - 23.4%	~10 bps	23.4% - 23.5%
Adjusted EPS	$2.57	~$0.01	$2.58	$2.73 - $2.83	~$0.00	$2.73 - $2.83	$10.15 - $10.25	~$0.00	$10.15 - $10.25

Adjusted EPS and Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2024 indefinite-lived intangible asset impairment, 2024 impairment of assets held for sale, 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q24 indefinite-lived intangible asset impairment, and 3Q24 impairment of assets held for sale.

ADDITIONAL 2024 INPUTS

	3Q24	4Q24E	2024E	COMMENTARY
Pension / OPEB	$148M	~$160M	~$600M	• 4Q pension income higher due to timing of a discrete event moving into 2025
Repositioning	($28M)	($60M - $100M)	($150M - $190M)	• Retaining capacity for high-return projects to support cost management and productivity initiatives
Other Below the Line[1]	($274M)	($350M - $360M)	($1100M - $1110M)	• Increased year over year and sequential headwind from interest expense
Total Below the Line	($154M)	($250M - $300M)	($650M - $700M)	
Adjusted Effective Tax Rate	21%	~17%	~20%	
Share Count	654M	~653M	~655M	• Minimum 1% share count reduction
Corporate and Quantinuum	($129M)	(~$150M)	(~$500M)	• Segment profit for Corporate and Quantinuum

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

LONG-TERM FINANCIAL PROGRESSION

	ORGANIC GROWTH	GROSS MARGIN	SEGMENT MARGIN	ADJ. FCF MARGIN	ADJ. EPS GROWTH
Long-Term Target	4% - 7%	40%+	25%+	Mid-Teens+	8% - 12%
2024 Guidance	3% - 4%	37.6%[1]	23.4% - 23.5%	13% - 14%	7% - 8%[2]
2023 Results	4%	37.3%	23.5%	14%[3]	10%[4]
‘17 - ‘22 Average[5]	5%	36.4%	21.5%	15%	9%
‘14 - ‘16 Average	1%	34.7%	18.6%	11%	9%

1. Represents gross margin from the last twelve months. Historical gross margin excludes company-funded R&D, in line with the reporting change made in 1Q23. 2. Adjusted EPS and Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2024 indefinite-lived intangible asset impairment, 2024 impairment of assets held for sale, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability. 3. Excluding impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. 4. Adjusted EPS excluding pension headwind excludes the impact of the year-over-year decrease in pension ongoing and other postretirement income 5. Excluding 2020.

Committed to Delivering on Our Long-Term Targets

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)	3Q23	4Q23	3Q24	2023
Operating income	$ 1,926	$ 1,583	$ 1,858	$ 7,084
Stock compensation expense[1]	39	54	45	202
Repositioning, Other[2,3]	100	569	69	952
Pension and other postretirement service costs[3]	17	17	16	66
Amortization of acquisition-related intangibles	87	76	120	292
Acquisition-related costs[4]	1	1	15	2
Indefinite-lived intangible asset impairment[1]	—	—	48	—
Impairment of assets held for sale	—	—	125	—
Segment profit	$ 2,170	$ 2,300	$ 2,296	$ 8,598
Operating income	$ 1,926	$ 1,583	$ 1,858	$ 7,084
÷ Net sales	$ 9,212	$ 9,440	$ 9,728	$ 36,662
Operating income margin %	20.9 %	16.8 %	19.1 %	19.3 %
Segment profit	$ 2,170	$ 2,300	$ 2,296	$ 8,598
÷ Net sales	$ 9,212	$ 9,440	$ 9,728	$ 36,662
Segment profit margin %	23.6 %	24.4 %	23.6 %	23.5 %

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 Includes acquisition-related fair value adjustments to inventory.

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

($M)	2014	2015	2016	2017	2018	2019	2021	2022	2023
Operating income	$ 5,622	$ 6,238	$ 6,051	$ 6,303	$ 6,705	$ 6,851	$ 6,200	$ 6,427	$ 7,084
Stock compensation expense[1]	187	175	184	176	175	153	217	188	202
Repositioning, Other[2,3]	590	569	674	962	1,100	598	636	942	952
Pension and other postretirement service costs[4]	297	274	277	249	210	137	159	132	66
Amortization of acquisition-related intangibles	257	211	304	398	395	415	465	333	292
Acquisition-related costs[5]	—	—	—	—	—	—	—	—	2
Segment profit	$ 6,953	$ 7,467	$ 7,490	$ 8,088	$ 8,585	$ 8,154	$ 7,677	$ 8,022	$ 8,598
Operating income	$ 5,622	$ 6,238	$ 6,051	$ 6,303	$ 6,705	$ 6,851	$ 6,200	$ 6,427	$ 7,084
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392	$ 35,466	$ 36,662
Operating income margin %	14.0 %	16.2 %	15.4 %	15.6 %	16.0 %	18.7 %	18.0 %	18.1 %	19.3 %
Segment profit	$ 6,953	$ 7,467	$ 7,490	$ 8,088	$ 8,585	$ 8,154	$ 7,677	$ 8,022	$ 8,598
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392	$ 35,466	$ 36,662
Segment profit margin %	17.3 %	19.4 %	19.1 %	20.0 %	20.5 %	22.2 %	22.3 %	22.6 %	23.5 %

1 Included in Selling, general and administrative expenses.

2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the twelve months ended December 31, 2022, other charges include an expense of $250 million related to reserves against outstanding accounts receivables, contract assets, and inventory, as well as the write-down of other assets and employee severance related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2022, and 2021, other charges includes $41 million and $105 million, respectively, of incremental long-term contract labor cost inefficiencies due to severe supply chain disruptions (attributable to the COVID-19 pandemic) relating to the warehouse automation business within the historical Safety and Product Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized when total estimated costs at completion for certain of the business' long-term contracts exceeded total estimated revenue. These certain costs represent unproductive labor costs due to unexpected supplier delays and the resulting downstream installation issues, demobilization and remobilization of contract workers, and resolution of contractor disputes.

3 Included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.

4 Included in Cost of products and services sold and Selling, general and administrative expenses.

5 Includes acquisition-related fair value adjustments to inventory.

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

	3Q24
Honeywell	
Reported sales percent change	6%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	3%
Organic sales percent change	3%
Aerospace Technologies	
Reported sales percent change	12%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	2%
Organic sales percent change	10%
Industrial Automation	
Reported sales percent change	(5)%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales percent change	(5)%
Building Automation	
Reported sales percent change	14%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	11%
Organic sales percent change	3%
Energy and Sustainability Solutions	
Reported sales % change	1%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales percent change	1%

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 ORGANIC SALES PERCENT CHANGE

	2014	2015	2016	2017	2018	2019	2021	2022	2023
Honeywell									
Reported sales percent change	3%	(4)%	2%	3%	3%	(12)%	5%	3%	3%
Less: Foreign currency translation	—%	(4)%	(1)%	—%	1%	(1)%	1%	(3)%	(1)%
Less: Acquisitions, divestitures and other, net	—%	—%	4%	(1)%	(4)%	(16)%	—%	—%	—%
Organic sales percent change	3%	—%	(1)%	4%	6%	5%	4%	6%	4%

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

	3Q23	4Q23	3Q24	FY2023	4Q24E	2024E
Earnings per share of common stock - diluted[1]	$ 2.27	$ 1.91	$ 2.16	$ 8.47	$2.50 - $2.60	$9.23 - $9.33
Pension mark-to-market expense[2]	—	0.19	—	0.19	No Forecast	No Forecast
Amortization of acquisition-related intangibles[3]	0.10	0.09	0.14	0.35	0.17	0.50
Acquisition-related costs[4]	0.01	—	0.03	0.01	0.02	0.10
Divestiture-related costs[5]	—	—	—	—	0.04	0.04
Russian-related charges[6]	—	—	—	—	—	0.03
Net expense related to the NARCO Buyout and HWI Sale[7]	—	—	—	0.01	—	—
Adjustment to estimated future Bendix liability[8]	—	0.49	—	0.49	—	—
Indefinite-lived intangible asset impairment[9]	—	—	0.06	—	—	0.06
Impairment of assets held for sale[10]	—	—	0.19	—	—	0.19
Adjusted earnings per share of common stock - diluted	$ 2.38	$ 2.69	$ 2.58	$ 9.52	$2.73 - $2.83	$10.15 - $10.25

Footnotes on following slide

RECONCILIATION OF EPS TO ADJUSTED EPS

1 For the three months ended September 30, 2024, and 2023, adjusted earnings per share utilizes weighted average shares of approximately 654.1 million and 667.0 million, respectively. For the three months ended December 31, 2023, adjusted earnings per share utilizes weighted average shares of approximately 660.9 million. For the twelve months ended December 31, 2023, adjusted earnings per share utilizes weighted average shares of approximately 668.2 million. For the three and twelve months ended December 31, 2024, expected earnings per share utilizes weighted average shares of approximately 653 million and 655 million, respectively.

2 Pension mark-to-market expense uses a blended tax rate of 18%, net of tax benefit of $27 million, for 2023.

3 For the three months ended September 30, 2024, acquisition-related intangibles amortization includes approximately $95 million, net of tax benefit of approximately $25 million. For the three months ended September 30, 2023, and December 31, 2023, and twelve months ended December 31, 2023, acquisition-related intangibles amortization includes $67 million, $62 million, and $231 million, net of tax benefit of approximately $20 million, $14 million, and $61 million, respectively. For the three and twelve months ended December 31, 2024, expected acquisition-related intangibles amortization includes approximately $110 million and $330 million, net of tax benefit of approximately $30 million and $85 million, respectively.

4 For the three months ended September 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 $20 million, net of tax benefit of approximately $5 million. For the three months ended September 30, 2023, and December 31, 2023, and twelve months ended December 31, 2023, 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 $4 million, $2 million, and $7 million, net of tax benefit of approximately $2 million, $0 million, and $2 million, respectively. For the three and twelve months ended December 31, 2024, the expected 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 $20 million and $65 million, net of tax benefit of approximately $5 million and $15 million, respectively.

5 For the three and twelve months ended December 31, 2024, the expected adjustment for divestiture-related costs, which is principally comprised of third-party transaction costs, is approximately $25 million, net of tax benefit of approximately $5 million.

6 For the three and twelve months ended December 31, 2023, the adjustments were a benefit of $2 million and $3 million, without tax expense, respectively. For the twelve months ended December 31, 2024, the expected 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, 2023, the adjustment was $8 million, net of tax benefit of $3 million, due to net expense related to the NARCO Buyout and HWI Sale.

8 Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the three and twelve months ended December 31, 2023, the adjustment was $330 million, net of tax benefit of $104 million, (or $434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The $434 million pre-tax amount was attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.

9 For the three months ended September 30, 2024, the impairment charge of indefinite-lived intangible assets associated with the personal protective equipment business was $37 million, net of tax benefit of $11 million. For the twelve months ended December 31, 2024, the expected impairment charge of indefinite-lived intangible assets associated with the personal protective equipment business is $37 million, net of tax benefit of $11 million.

10 For the three months ended September 30, 2024, the impairment charge of assets held for sale was $125 million, without tax benefit. For the twelve months ended December 31, 2024, the expected impairment charge of assets held for sale is $125 million, with no tax benefit.

Note: Amounts may not foot due to rounding

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 as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. 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 EPS TO ADJUSTED EPS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Earnings per share of common stock - diluted[1]	$ 4.92	$ 5.33	$ 6.04	$ 6.21	$ 2.00	$ 8.98	$ 8.41	$ 6.72	$ 7.91	$ 7.27	$ 8.47
Pension mark-to-market expense[2]	0.05	0.23	0.06	0.28	0.09	0.04	0.13	0.04	0.05	0.64	0.19
Amortization of acquisition-related intangibles[3]	0.29	0.24	0.20	0.29	0.41	0.41	0.45	0.40	0.52	0.39	0.35
Debt refinancing expense[2]	—	—	—	0.12	—	—	—	—	—	—	—
Separation costs[4]	—	—	—	—	0.02	0.97	—	—	—	—	—
Impacts from U.S. Tax Reform	—	—	—	—	5.04	(1.98)	(0.38)	—	—	—	—
Separation related tax adjustment[5]	—	—	—	—	—	—	—	(0.26)	—	—	—
Garrett related adjustments[6]	—	—	—	—	—	—	—	0.60	0.01	—	—
Changes in fair value for Garrett equity securities[7]	—	—	—	—	—	—	—	—	(0.03)	—	—
Gain on sale of retail footwear business[8]	—	—	—	—	—	—	—	—	(0.11)	—	—
Expense related to UOP Matters[9]	—	—	—	—	—	—	—	—	0.23	0.07	—
Russian-related charges[10]	—	—	—	—	—	—	—	—	—	0.43	—
Gain on sale of Russian entities[11]	—	—	—	—	—	—	—	—	—	(0.03)	—
Net expense related to the NARCO Buyout and HWI Sale[12]	—	—	—	—	—	—	—	—	—	0.38	0.01
Adjustment to estimated future Bendix liability[13]	—	—	—	—	—	—	—	—	—	—	0.49
Acquisition-related costs[14]	—	—	—	—	—	—	—	—	—	—	0.01
Adjusted earnings per share of common stock - diluted	$ 5.26	$ 5.80	$ 6.30	$ 6.90	$ 7.56	$ 8.42	$ 8.61	$ 7.50	$ 8.58	$ 9.15	$ 9.52
Pension headwind[15]	—	—	—	—	—	—	—	—	—	—	0.55
Adjusted earnings per share of common stock excluding Pension headwind - diluted	$ 5.26	$ 5.80	$ 6.30	$ 6.90	$ 7.56	$ 8.42	$ 8.61	$ 7.50	$ 8.58	$ 9.15	$ 10.07

Footnotes on following slide

RECONCILIATION OF EPS TO ADJUSTED EPS

1 Adjusted earnings per share utilizes weighted average shares of 668.2 million, 683.1 million, 700.4 million, 711.2 million, 730.3 million, 753.0 million, 772.1 million, 775.3 million, 789.3 million, 795.2 million, and 797.3 million for the years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.

2 Pension mark-to-market expense uses a blended tax rate of 18%, 16%, 25%, 25%, 24%, 24%, 23%, 21%, 36.1%, 28.1%, and 25.5% for 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively. Debt refinancing expense uses a tax rate of 26.5%.

3 Acquisition-related intangibles amortization includes $231 million, $264 million, $363 million, $284 million, $327 million, $307 million, $314 million, $224 million, $155 million, $191 million, and $233 million, net of tax benefit of approximately $61 million, $69 million, $102 million, $74 million, $88 million, $88 million, $84 million, $80 million, $56 million, $66 million, and $86 million, for the years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.

4 For the twelve months ended December 31, 2018, and 2017, separation costs were $732 million and $14 million, respectively, including net tax impacts.

5 For the twelve months ended December 31, 2020, separation-related tax adjustment of $186 million includes the favorable resolution of a foreign tax matter related to the spin-off transactions.

6 For the twelve months ended December 31, 2021, the adjustment was $7 million, without tax benefit, due to a non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021. For the twelve months ended December 31, 2020, the adjustment was $427 million, net of tax benefit of $5 million, due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett, net of proceeds from settlement of related hedging transactions.

7 For the twelve months ended December 31, 2021, the adjustment was $19 million, net of tax expense of $5 million, due to changes in fair value for Garrett equity securities.

8 For the twelve months ended December 31, 2021, the adjustment was $76 million, net of tax expense of $19 million, due to the gain on sale of the retail footwear business.

9 For the twelve months ended December 31, 2022, and 2021, the adjustments were $45 million and $160 million, respectively, without tax benefit, due to an expense related to UOP matters.

10 For the twelve months ended December 31, 2022, the adjustment was $297 million, without tax benefit, to exclude charges and the accrual of reserves related to outstanding accounts receivable, contract assets, impairment of intangible assets, foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and called guarantees related to the initial suspension and wind down of our businesses and operations in Russia.

11 For the twelve months ended December 31, 2022, the adjustment was $22 million, without tax expense, due to the gain on sale of a Russian entities.

12 For the twelve months ended December 31, 2023, and 2022, the adjustments were $8 million and $260 million, net of tax benefit of $3 million and $82 million, respectively, due to the net expense related to the NARCO Buyout and HWI Sale.

13 Bendix Friction Materials (“Bendix”) is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the twelve months ended December 31, 2023, the adjustment was $330 million, net of tax benefit of $104 million, (or $434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The $434 million pre-tax amount was attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.

14 For the twelve months ended December 31, 2023, 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 $7 million, net of tax benefit of approximately $2 million.

15 For the twelve months ended December 31, 2023, the adjustment was the decline of $378 million of pension ongoing and other postretirement income between 2022 and 2023, net of tax expense of $99 million.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We define adjusted earnings per share excluding pension headwind as adjusted earnings per share adjusted for an actual or forecasted decline of pension ongoing and other postretirement income between the comparative periods in 2022 and 2023. We believe adjusted earnings per share and adjusted earnings per share excluding pension headwind are measures that are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and is 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)	3Q23	3Q24
Income before taxes	$ 1,967	$ 1,824
Amortization of acquisition-related intangibles	87	120
Acquisition-related costs	6	25
Indefinite-lived intangible asset impairment	—	48
Impairment of assets held for sale	—	125
Adjusted income before taxes	$ 2,060	$ 2,142
Income tax expense	$ 452	$ 409
Amortization of acquisition-related intangibles	20	25
Acquisition-related costs	2	5
Indefinite-lived intangible asset impairment	—	11
Impairment of assets held for sale	—	—
Adjusted income tax expense	$ 474	$ 450
Income tax expense	$ 452	$ 409
÷ Income before taxes	$ 1,967	$ 1,824
Effective tax rate	23.0 %	22.4 %
Adjusted income tax expense	$ 474	$ 450
÷ Adjusted income before taxes	$ 2,060	$ 2,142
Adjusted effective tax rate	23.0 %	21.0 %

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 AND FREE CASH FLOW EXCLUDING THE IMPACT OF SETTLEMENTS

($M)	3Q23	3Q24	2023
Cash provided by operating activities	$ 1,809	$ 1,997	$ 5,340
Capital expenditures	(249)	(279)	(1,039)
Free cash flow	1,560	1,718	4,301
Impact of settlements[1]	—	—	1,001
Free cash flow excluding impact of settlements	$ 1,560	$ 1,718	$ 5,302

1 For the twelve months ended December 31, 2023, impact of settlements was $1,001 million, net of tax benefit of $252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures. We define free cash flow excluding impact of settlements as free cash flow less settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We believe that free cash flow and free cash flow excluding impact of settlements are non-GAAP measures that are 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. These measures 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 CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW AND FREE CASH FLOW EXCLUDING IMPACT OF SETTLEMENTS AND CALCULATION OF ADJUSTED FREE CASH FLOW MARGIN AND FREE CASH FLOW MARGIN EXCLUDING IMPACT OF SETTLEMENTS

($M)	2014	2015	2016	2017	2018	2019	2021	2022	2023
Cash provided by operating activities	$ 5,080	$ 5,519	$ 5,498	$ 5,966	$ 6,434	$ 6,897	$ 6,038	$ 5,274	$ 5,340
Capital expenditures	(1,094)	(1,073)	(1,095)	(1,031)	(828)	(839)	(895)	(766)	(1,039)
Garrett cash receipts	—	—	—	—	—	—	586	409	—
Free cash flow	$ 3,986	$ 4,446	$ 4,403	$ 4,935	$ 5,606	$ 6,058	$ 5,729	$ 4,917	$ 4,301
Separation cost payments	—	—	—	—	424	213	—	—	—
Adjusted free cash flow	$ 3,986	$ 4,446	$ 4,403	$ 4,935	$ 6,030	$ 6,271	$ 5,729	$ 4,917	$ 4,301
Impact of settlements[1]									1,001
Free cash flow excluding impact of settlements									$ 5,302
Cash provided by operating activities	$ 5,080	$ 5,519	$ 5,498	$ 5,966	$ 6,434	$ 6,897	$ 6,038	$ 5,274	$ 5,340
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392	$ 35,466	$ 36,662
Operating cash flow margin %	13 %	14 %	14 %	15 %	15 %	19 %	18 %	15 %	15 %
Adjusted free cash flow	$ 3,986	$ 4,446	$ 4,403	$ 4,935	$ 6,030	$ 6,271	$ 5,729	$ 4,917	$ 4,301
÷ Net sales	$ 40,306	$ 38,581	$ 39,302	$ 40,534	$ 41,802	$ 36,709	$ 34,392	$ 35,466	$ 36,662
Adjusted free cash flow margin %	10 %	12 %	11 %	12 %	14 %	17 %	17 %	14 %	12 %
Free cash flow excluding impact of settlements									$ 5,302
÷ Net sales									$ 36,662
Free cash flow margin excluding impact of settlements %									14 %

1 For the twelve months ended December 31, 2023, impact of settlements was $1,001 million, net of tax benefit of $252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define adjusted free cash flow as free cash flow plus separation cost payments. We define free cash flow excluding impact of settlements as free cash flow less settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. We define adjusted free cash flow margin as adjusted free cash flow divided by net sales. We define free cash flow margin excluding impact of settlements as free cash flow excluding impact of settlements divided by net sales.

We believe that free cash flow, adjusted free cash flow, free cash flow excluding impact of settlements, adjusted free cash flow margin, and free cash flow margin excluding impact of settlements are non-GAAP measures that are 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. These measures 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

	2024E ($B)
Cash provided by operating activities	~$6.2 - $6.5
Capital expenditures	~(1.1)
Free cash flow	~$5.1 - $5.4

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