

WOLFE RESEARCH TRANSPORTATION AND INDUSTRIALS CONFERENCE

GREG LEWIS

Senior Vice President and
Chief Financial Officer

MAY 23, 2023

Honeywell

The image features a sequence of four bean sprouts growing from dark, rich soil. From left to right, the sprouts show increasing stages of growth: a small sprout with a tiny shoot, a sprout with a small stem and two emerging leaves, a sprout with a taller stem and two larger leaves, and a fully developed sprout with a tall stem and two large, vibrant green leaves. The background is a soft, out-of-focus landscape with a warm, golden light source, possibly the sun, creating a gradient from yellow to blue.

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. 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. 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 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 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, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; Segment margin, on an overall Honeywell basis; Organic sales growth; Free cash flow; Free cash flow excluding the impact of settlements; Adjusted earnings per share; and Adjusted earnings per share excluding pension headwind, if and as noted in the presentation.

Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

KEY MESSAGES

Our markets and offerings underpin a robust multi-year outlook

Honeywell will continue to execute in all environments - impeccable track record

Accelerator provides a new lever to outperform - continue to raise the bar

Our robust balance sheet and cash generation will fuel accelerated capital deployment

FINANCIAL OUTCOMES

4% - 7%

Organic Sales Growth

>35%

Recurring Revenue

>40%

Gross Margin

40 - 60 bps

Segment Margin Expansion

Mid-Teens+

Free Cash Flow Margin

\$25B+

2023 - 2025 Capital Deployment

Compelling Financial Algorithm in Next Phase

LONG-TERM COMMITMENTS

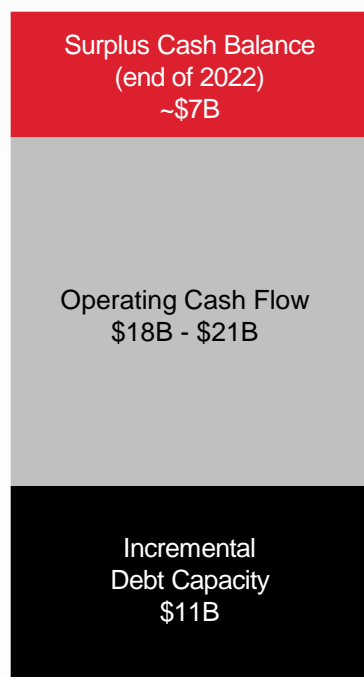
	PRIMARY END MARKET	OLD TARGETS (2022 INVESTOR DAY)		NEW TARGETS (2023 INVESTOR DAY)	
		ORGANIC SALES GROWTH TARGET	SEGMENT MARGIN TARGET	ORGANIC SALES GROWTH TARGET	SEGMENT MARGIN TARGET
AERO	Commercial Aerospace Defense and Space	MSD	29%	Raised MSD - HSD	29%
HBT	Non-Residential	MSD - HSD	25%	MSD - HSD	Raised 27%
PMT	Energy Specialty Chemicals	MSD - HSD	25%	MSD - HSD	25%
SPS	Industrial Productivity e-Commerce	HSD	18% - 20%	HSD	Raised 20%
HON		4% - 7%	25%	4% - 7%	Raised 25%+

Upgraded Targets on Robust Macro and Growth Execution

CAPITAL DEPLOYMENT STRATEGY

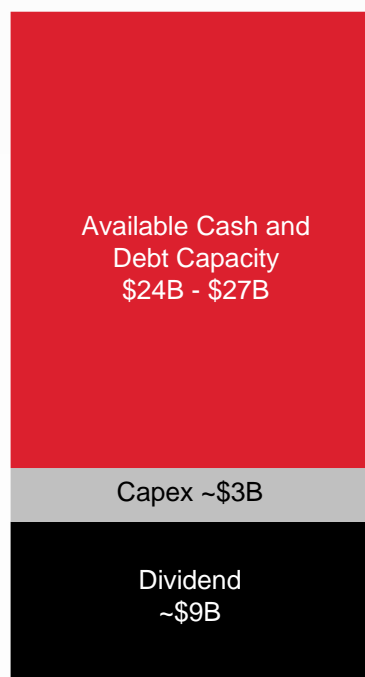
ROBUST 2023 - 2025 CAPITAL DEPLOYMENT CAPACITY

\$36B - \$39B



Sources

\$36B - \$39B



Potential Uses

KEY POINTS

Accelerated Deployment

- Re-upped \$25B+ commitment for 2023 - 2025
- Consistently deploying capital in excess of cash flow
- Achieved commitment from 2022 Investor Day, repurchased over \$4B of Honeywell shares in 2022

Well-Positioned for the Future

- Ample funding capacity for value-add M&A
- Remain opportunistic on share repurchases
- Dividend growth aligned with earnings growth

Expect Accelerated Capital Deployment Over Next Three Years

Honeywell

2023 UPDATE

2Q GUIDANCE

SALES

\$9.0B - \$9.2B

Up 1% - 4% Organically

SEGMENT MARGIN

21.8% - 22.2%

Up 90 - 130 bps

FY GUIDANCE

SALES

\$36.5B - \$37.3B

Up 3% - 6% Organically

SEGMENT MARGIN

22.3% - 22.6%

Up 60 - 90 bps

ADJUSTED EPS

\$2.15 - \$2.25

Up 2% - 7%

\$2.29 - \$2.39 Excluding Pension

Headwind or up 9% - 14%

NET BELOW THE LINE IMPACT

(\$130M - \$185M)

EFFECTIVE TAX RATE

~21%

SHARE COUNT

~671M

ADJUSTED EPS

\$9.00 - \$9.25

Up 3% - 6%

\$9.55 - \$9.80 Excluding Pension

Headwind or up 9% - 12%

FREE CASH FLOW

\$3.9B - \$4.3B

\$5.1B - \$5.5B Excluding

Impact of 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 post-retirement income, and repositioning and other charges. Adjusted EPS guidance and adjusted EPS V% guidance excludes a 1Q23 Russian-related benefit, 2Q22 expense related to UOP matters, 2Q22 Russian-related charges, 2022 expense related to UOP matters, 2022 Russian-related charges, 2022 gain on sales of Russian-related entities, 2022 net expense related to the NARCO buyout and HWI sale, and pension mark-to-market expense.

Second Quarter on Track; Confident in Full Year Outlook



GREG LEWIS

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Greg Lewis has been Senior Vice President and Chief Financial Officer of Honeywell since 2018. In this role, Greg is responsible for leading global Finance, Treasury, Tax, Audit, Business Analysis and Planning, Controllershship, Finance Transformation, Global Real Estate, and Investor Relations.

Over the last six years leading Enterprise Information Management and then as CFO, Greg has played a pivotal role in Honeywell's "great integration" as the company embarked on a substantial transformation to simplify its decision-making and drive greater operational excellence. Among these endeavors, Greg has led Honeywell in its digital transformation and data governance journey, establishing a robust data operating model and building a culture with data at the forefront for strategic decision making. In this time, Greg has also provided critical crisis management leadership in Honeywell's response to the COVID-19 pandemic and related economic environment.

Greg joined Honeywell in 2006, and since then, has held a series of finance leadership roles. Prior to becoming CFO, he was Vice President of Corporate Finance, where he led Treasury, Tax, Audit, Business Analysis and Planning, Investor Relations, M&A, Real Estate, Pension, Finance Operations, and Enterprise Information Management (EIM).

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

Greg has a broad background in financial leadership across multiple industries. He began his career at Kraft Foods in 1991 and went onto leadership roles at the Stanley Works and Tyco International before joining Honeywell.

Greg holds a master's degree in business administration from Fordham University and a bachelor's degree in finance from the University of Connecticut. He is also Six Sigma Green Belt Certified.

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. 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. Included below are reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures. 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.

DEFINITION OF ORGANIC SALES % CHANGE

We define organic sales percent 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 OPERATING INCOME TO SEGMENT PROFIT AND CALCULATION OF OPERATING INCOME AND SEGMENT PROFIT MARGINS

(\$M)	<u>2022</u>	<u>2Q22</u>
Operating income	\$6,427	\$1,601
Stock compensation expense ⁽¹⁾	188	53
Repositioning, Other ^(2,3)	942	180
Pension and other postretirement service costs ⁽⁴⁾	132	33
Segment profit	<u>\$7,689</u>	<u>\$1,867</u>
Operating income	\$6,427	\$1,601
÷ Net sales	<u>\$35,466</u>	<u>\$8,953</u>
Operating income margin %	<u>18.1%</u>	<u>17.9%</u>
Segment profit	\$7,689	\$1,867
÷ Net sales	<u>\$35,466</u>	<u>\$8,953</u>
Segment profit margin %	<u>21.7%</u>	<u>20.9%</u>

(1) Amounts 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. In addition, for the twelve months ended December 31, 2022, other charges includes \$41 million 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 Safety and Product Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized during the fourth quarter 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. For the three months ended June 30, 2022, other charges include \$67 million related to inventory reserves, the write-down of other assets, and employee severance, related to the initial suspension and wind down of our businesses and operations in Russia.

(3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.

(4) Amounts included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all 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.

RECONCILIATION OF ADJUSTED EPS TO EPS EXCLUDING PENSION HEADWIND

	<u>2022</u>	<u>2Q22</u>	<u>2Q23E</u>	<u>2023E</u>
Earnings per share of common stock - assuming dilution (EPS) ⁽¹⁾	\$ 7.27	\$ 1.84	\$2.15 - \$2.25	\$9.00 - \$9.25
Pension mark-to-market expense ⁽²⁾	0.64	-	No Forecast	No Forecast
Expense related to UOP Matters ⁽³⁾	0.07	0.07	-	-
Russian-related Charges ⁽⁴⁾	0.43	0.19	-	-
Gain on sale of Russian Entities ⁽⁵⁾	(0.03)	-	-	-
Net expense related to the NARCO Buyout and HWI Sale ⁽⁶⁾	0.38	-	-	-
Adjusted earnings per share of common stock - assuming dilution	<u>\$ 8.76</u>	<u>\$ 2.10</u>	<u>\$2.15 - \$2.25</u>	<u>\$9.00 - \$9.25</u>
Pension headwind ⁽⁷⁾	<u>-</u>	<u>-</u>	<u>~0.14</u>	<u>~0.55</u>
Adjusted earnings per share of common stock excluding pension headwind - assuming dilution	<u><u>\$ 8.76</u></u>	<u><u>\$ 2.10</u></u>	<u><u>\$2.29 - \$2.39</u></u>	<u><u>\$9.55 - \$9.80</u></u>

(1) For the twelve months ended December 31, 2022, adjusted earnings per share utilizes weighted average shares of 683.1 million. For the three months ended June 30, 2022, adjusted earnings per share utilizes weighted average shares of 685.0 million. For the three months ended June 30, 2023, and twelve months ended December 31, 2023, expected earnings per share utilizes weighted average shares of approximately 671 million and 670 million, respectively.

(2) Pension mark-to-market expense uses a blended tax rate of 16% for 2022.

(3) For the three months ended June 30, 2022, and twelve months ended December 31, 2022, the adjustment was an expense of \$50 million and \$45 million, respectively, without tax benefit, due to an expense related to UOP matters.

(4) For the three months ended June 30, 2022, the adjustment was \$126 million, with no tax benefit, to exclude charges and the accrual of reserves related to foreign exchange revaluation, inventory reserves, the write-down of other assets, impairment of property, plant and equipment, employee severance, and a tax valuation allowance related to the initial suspension and wind down of our businesses and operations in Russia. For the twelve months ended December 31, 2022, the adjustment was \$297 million, including a tax valuation allowance benefit of \$2 million, 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. For the three months ended March 21, 2023, the adjustment was a \$2 million benefit, without tax expense.

(5) For the twelve months ended December 31, 2022, the adjustment was \$22 million, without tax benefit, due to the gain on sale of Russian entities.

(6) For the twelve months ended December 31, 2022, the adjustment was \$260 million, net of tax expense of \$82 million, due to the net expense related to the NARCO Buyout and HWI Sale.

(7) For the three months ended March 31, 2023, the adjustment is the decline of \$99 million of pension ongoing income compared to the three months ended March 31, 2022, and three months ended March 31, 2023, net of tax expense of \$26 million. For the three and twelve months ended June 30, 2023, and December 31, 2023, the adjustment is the forecasted decline of approximately \$95 million and \$370 million, respectively, of pension ongoing income between the comparative periods in 2022 and 2023, net of estimated tax expense of approximately \$25 million and \$100 million, respectively.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed in the preceding adjusted earnings per share reconciliation. We define adjusted earnings per share excluding pension headwind as adjusted earnings per share adjusted for an actual or forecasted decline of pension ongoing 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. 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.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND FREE CASH FLOW EXCLUDING IMPACT OF SETTLEMENTS

<i>(\$B)</i>	<u>2023E</u>
Cash provided by operating activities	<u>~\$4.9 - \$5.3</u>
Expenditures for property, plant and equipment	<u>~(1.0)</u>
Garrett cash receipts	<u>-</u>
Free cash flow	<u>~\$3.9 - \$4.3</u>
Impact of settlements	<u>~1.2</u>
Free cash flow excluding impact of settlements	<u>~\$5.1 - \$5.5</u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus anticipated cash receipts from Garrett. 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.