

# **PORTFOLIO UPDATE** **SEPARATION OF** **AUTOMATION AND** **AEROSPACE**

**FEBRUARY 6, 2025**

**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 and the proposed separation of Automation and Aerospace. 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 other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

## **NON-GAAP FINANCIAL MEASURES**

This presentation contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this presentation are as follows: Segment profit, on an overall Honeywell basis; Segment profit margin, on an overall Honeywell basis; Organic sales percent change; Free cash flow; Free cash flow excluding impact of settlements; Adjusted earnings per share; Adjusted income before taxes; Adjusted income tax expense; and Adjusted effective tax rate, if and as noted in the presentation. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

# PORTFOLIO EVALUATION UPDATE

**Following the completion of a one-year internal portfolio review, the Honeywell Board has concluded the separation of Automation and Aerospace is in best interest of HON shareholders**

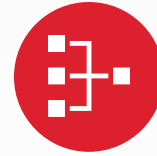
- **Next logical step in Honeywell's portfolio transformation to unlock significant value for all stakeholders through more targeted structures**
- **Builds on foundation of strategic and operational actions taken to simplify Honeywell**
- **Enables greater strategic focus, operational independence, and financial flexibility**
- **Creating three industry-leading public companies with tailored strategies and growth drivers**
- **Expecting to complete tax-free separation to Honeywell shareholders in 2H 2026**

**Forming Standalone Automation, Aerospace, and Advanced Materials Leaders**

# THE TIME IS RIGHT



**Operational transformations:**  
Streamlined, digitalized backbone  
and integrated supply chains



**Best-in-class operating playbook:**  
Mature Accelerator operating system  
fostering a culture of execution and rigor



**Portfolio optimization progress:**  
Business re-segmentation; strategic  
bolt-ons and non-core pruning



**Divergence of business strategies:**  
Differing end market dynamics / strategic  
choices requiring independent go-forward paths

**Opportune Moment For Separation In Pursuit Of Long-Term Value Creation**

# RATIONALE FOR SEPARATION



## STRATEGIC

- Singular focus providing **clear alignment in company purpose** and incentives
- **Greater end market intimacy** and faster reaction time to changing market dynamics



## OPERATIONAL

- **Enhanced organizational agility**, greater accountability, and simplified decision-making
- **Dedicated boards** with highly relevant domain expertise



## FINANCIAL

- Investor base aligned with each company's **distinct and compelling investment profiles**
- Improved ability to **customize capital allocation priorities** aligned with strategic focus

**Best Path Forward to Create Value for All Stakeholders**

# THREE INDUSTRY-LEADING PUBLIC COMPANIES

## HONEYWELL AUTOMATION

## HONEYWELL AEROSPACE

## ADVANCED MATERIALS

### Advantages



Global scale, with a **comprehensive portfolio** of technologies, solutions, and software **driving productivity**



Large **installed base**, recurring AM sales, best-in-class margins with leading R&D investment



Unique financial profile with **market-leading brands** across specialty chemicals and materials

### Strategy



Build on **vast installed base** and deepen presence in **high-growth verticals**



Capitalize on multi-year commercial **OE** and **defense investment upcycle**



Enhanced financial flexibility to **pursue innovation and develop new solutions** with next-gen chemistry

### Long-Term Growth Drivers



Positioned to **address the future of automation, energy, and digitalization**



**Address the future of aviation** through electrification and autonomy of flight



**IP-protected** portfolio serving **growing regulatory-driven markets**

*Pure play automation leader solving the world's most complex problems and powering digital transformation globally*

*Premier technology and systems provider for all forms of aircraft; to be one of the largest publicly-traded aerospace suppliers*

*Sustainability-focused specialty chemicals and materials pure play; leading technologies and compelling investment profile*

**Pursuing Tailored Growth Strategies as Three Independent Public Companies**

# BUSINESS AND INDUSTRY CHARACTERISTICS

	<b>HONEYWELL AUTOMATION</b>	<b>HONEYWELL AEROSPACE</b>	<b>ADVANCED MATERIALS</b>
<b>Cycle Dynamics</b>	Mix of Long and Short	Long	Short
<b>Capital Intensity</b>	Low	Medium	High
<b>Aftermarket Presence</b>	Medium	High	Low
<b>Primary Go-to-Market Approach</b>	Direct and Channel Partners	Direct	Direct
<b>Customer Concentration</b>	Low	Medium	Medium

**Distinct Features Appealing to Discrete Investor Bases**

# HONEYWELL AUTOMATION

## INVESTMENT HIGHLIGHTS

- Delivering the buildings and industrial infrastructure of the future, leveraging process technology, software, and AI-enabled, autonomous solutions
- Large installed base across diverse end markets
- Driving differentiated performance through increasing exposure to high-growth verticals
- Leading Honeywell Forge IoT platform enabling recurring revenue streams
- Track record of continuous improvement in operating efficiency through Accelerator
- Commitment to strong investment grade balance sheet providing financial flexibility for value-creating capital allocation
- Representative comparable companies: Emerson Electric, Rockwell Automation, Johnson Controls

## BUSINESS OVERVIEW<sup>1</sup>

### Financial Overview

**\$18B**  
Sales

**23%**  
Segment Margin

**4%**  
R&D % of Sales

### Operational Highlights

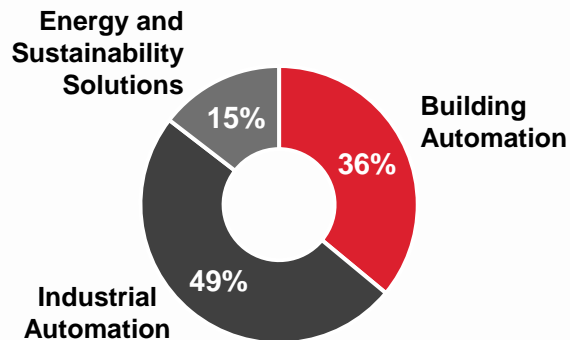
**>10M**  
Global installed base in buildings

**~17K**  
Process plants use HON technology

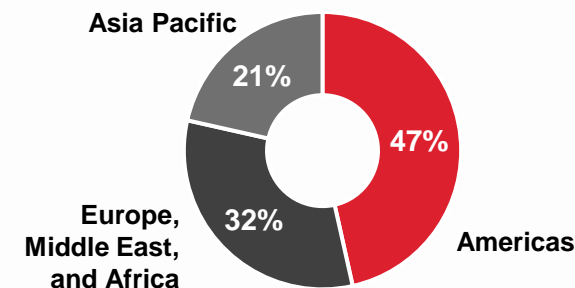
**11K+**  
Active channel partners

**66**  
Licenses sold by UOP in renewable fuels

### Vertical Sales Mix



### Geographic Sales Mix



1. All sales and segment margin figures represent 2024 actual results derived from internal management reporting. All figures exclude Personal Protective Equipment business due to pending sale.

**A Pure Play Automation Leader with Global Scale and a Vast Installed Base**



# HONEYWELL AEROSPACE

## INVESTMENT HIGHLIGHTS

- **Global scale** in the highest-value and most critical areas across aerospace and defense value chains
- **Compelling organic growth** driven by robust end markets and differentiated revenue initiatives decoupled from flight hours and build rates
- Platform agnostic, technology-focused systems provider with **robust R&D levels** and **investment pipeline**
- **Focused on executing on significant demand runway**, as well as positioning the business for the **future of aviation** across electrification and autonomy of flight
- **Industry-leading profitability led by operational efficiency and differentiated portfolio**
- **Acquisition opportunities** in high-growth areas; commitment to **strong investment grade balance sheet**
- **Representative comparable companies:** GE Aerospace, TransDigm, RTX

## BUSINESS OVERVIEW<sup>1</sup>

### Financial Overview

**\$15B**  
Sales

**26%**  
Segment Margin

**4%**  
Company-funded  
R&D % of Sales

**7%**  
Customer-funded  
R&D % of Sales<sup>2</sup>

### Operational Highlights

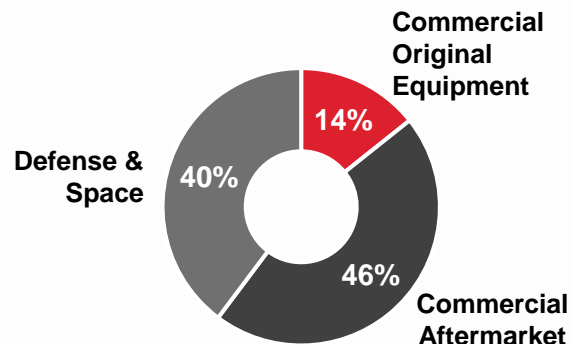
**~90%**  
of Global aircraft use  
HON avionics

**100K+**  
APUs delivered  
since 1959

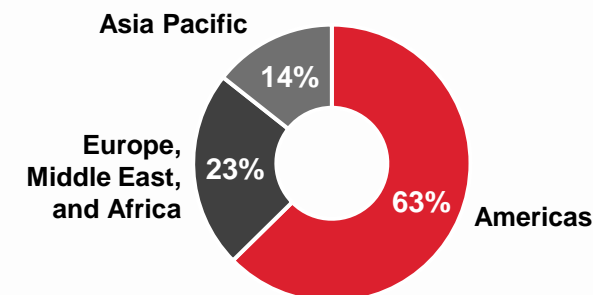
**72K**  
Engines delivered  
since 1959

**~80%**  
of orbiting Satellites  
have HON content

### Vertical Sales Mix



### Geographic Sales Mix



<sup>1</sup>. All sales and segment margin figures represent 2024 actual results.

<sup>2</sup>. Includes deferred customer-funded nonrecurring engineering and development activities and expenditures on customer programs with a significant engineering performance obligation.

**Well-Positioned to Enable the Future of Aviation**

# ADVANCED MATERIALS

## INVESTMENT HIGHLIGHTS

- Leading positions across variety of end markets, supported by a **compelling IP portfolio**
- **Innovative solutions** enjoying global IP protection
- **Deep relationships with blue chip customers**
- **Large-scale, domestic manufacturing base**
- Key products enabling customer transition to **low-carbon solutions**
- Trusted provider of **high-end armor technology**
- Only domestic supply of non-biomass feedstock for **clean electric power generation**
- **Strong, non-investment grade credit rating**
- **Representative comparable companies:** DuPont, Element Solutions

## BUSINESS OVERVIEW<sup>1</sup>

### Financial Overview

**\$4B**  
Sales

**>25%**  
EBITDA Margin

**2%**  
R&D % of Sales

### Operational Highlights

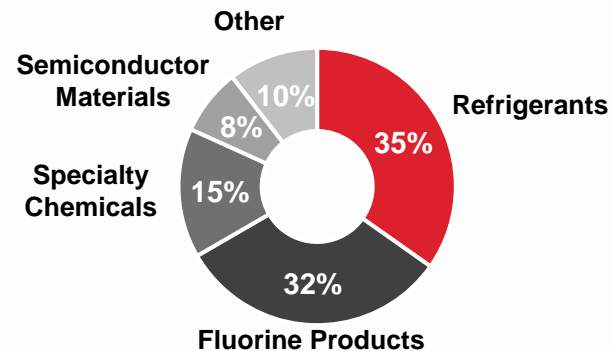
**>5K**  
Active patents and applications

**400+**  
Technologists and engineers

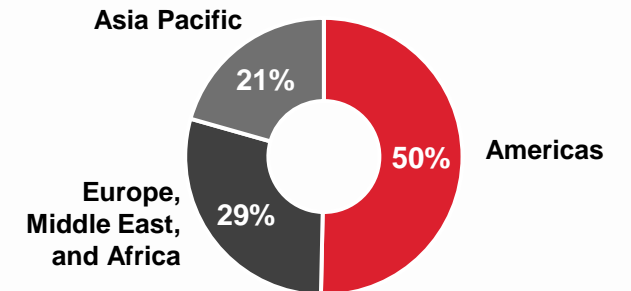
**\$1B**  
Spent on Solstice R&D and capacity

**88M**  
Cars (emissions equivalent) avoided by Solstice

### Vertical Sales Mix



### Geographic Sales Mix



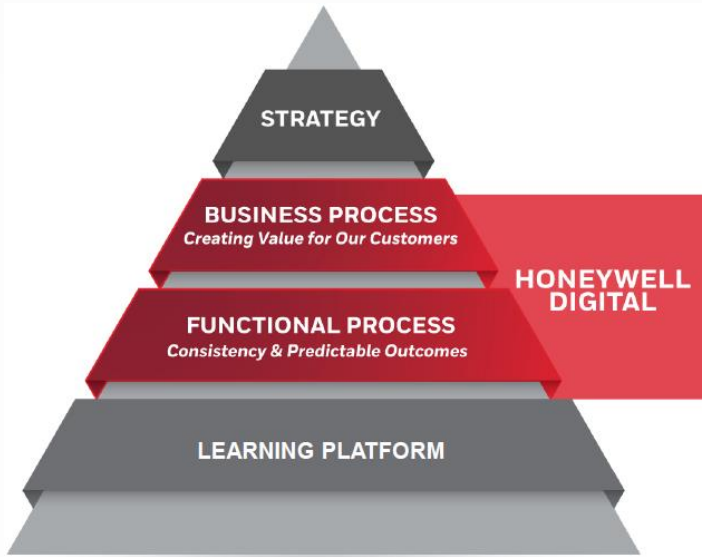
1. All sales and EBITDA figures represent 2024 actual results derived from internal management reporting, further adjusted for preliminary cost and expense allocations, including corporate expenses. These figures will be refined prior to the transactions. We define EBITDA as adjusted income before taxes adjusted for interest and other financial charges, interest income, and depreciation and amortization.

**Unique Financial Profile in Specialty Chemicals with Market-Leading Solutions**

# HONEYWELL ACCELERATOR

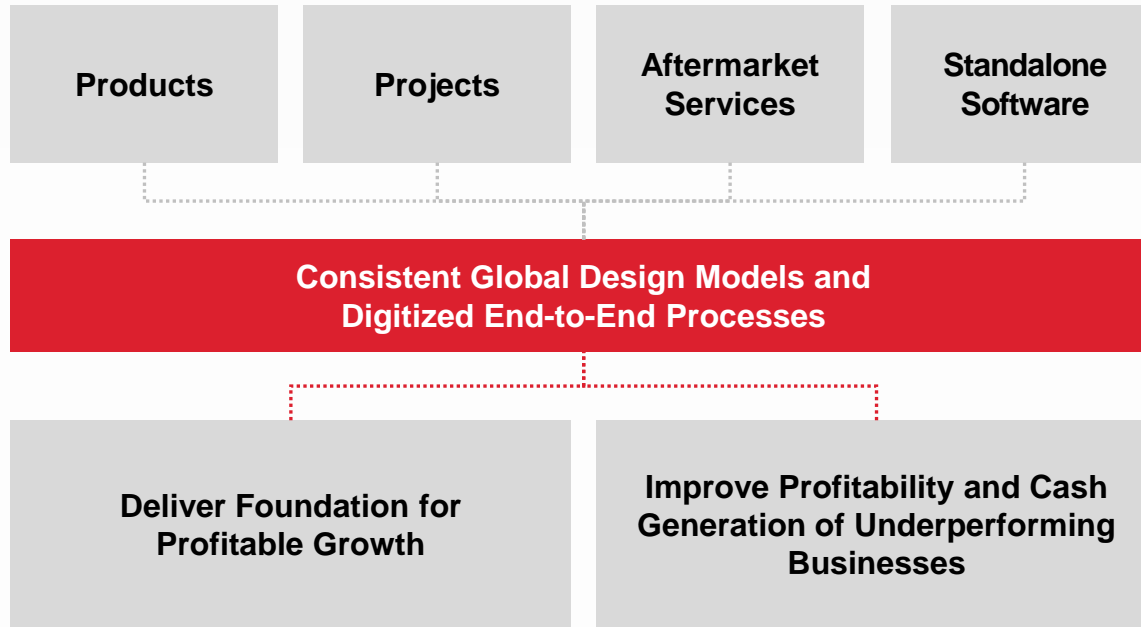
## WHAT IS ACCELERATOR?

Accelerator contains all the best practices, tools, and digital platforms to **deliver best-in-class performance**



## BUSINESS MODEL STANDARDIZATION

Pivot from functional process excellence to business model value creation



Maximizing value creation for the current business and the future



Honeywell Aerospace



Honeywell Automation



Advanced Materials

**Culture of Execution; Best-in-Class Operating System for Three Companies**

# PORTFOLIO TRANSFORMATION UPDATE

	2023	2024	2025 - 2026+
Strategy and Organization	<ul style="list-style-type: none"> <li>Strategic alignment around three megatrends</li> <li>Business re-segmentation</li> </ul>	<ul style="list-style-type: none"> <li>Initiation of comprehensive internal business and portfolio review including transformational actions</li> </ul>	<ul style="list-style-type: none"> <li>Continued strategy execution and preparation to create three independent public companies</li> <li>Progress Quantinum technical milestones for eventual IPO</li> </ul>
Strategic Bolt-on Acquisitions	<ul style="list-style-type: none"> <li>CCC (IA) <i>Jun 2023</i></li> <li>SCADAfence (IA) <i>Aug 2023</i></li> </ul>	<ul style="list-style-type: none"> <li>Access Solutions (BA) <i>Jun 2024</i></li> <li>Civitanavi (AT) <i>Aug 2024</i></li> <li>CAES Systems (AT) <i>Sep 2024</i></li> <li>Air Products LNG (ESS) <i>Sep 2024</i></li> </ul>	<ul style="list-style-type: none"> <li>Continued portfolio optimization</li> <li>Enhance value proposition of each business through strategic bolt-ons in high-growth segments</li> </ul>
Separations and Divestitures	<ul style="list-style-type: none"> <li>Proactive portfolio pruning</li> </ul>	<ul style="list-style-type: none"> <li>Sale of PPE (IA) <i>Announced Nov 2024</i> →</li> <li>Spin of Advanced Materials (ESS) <i>Announced Oct 2024</i> →</li> </ul>	<ul style="list-style-type: none"> <li>Complete PPE sale <i>Close 1H of 2025</i></li> <li>Spin Advanced Materials (ESS) <i>Complete by end of 2025 or early 2026</i></li> <li><b>Separate Aero and Automation</b> <i>Complete in 2H 2026</i></li> </ul>

**Creation of Three Public Companies an Important Step in Portfolio Optimization**



# PATH FORWARD

## TIMING

- Spin of Advanced Materials anticipated in late 2025 or early 2026
- Separation of Aerospace and Automation expected in 2H 2026

## CLOSING CONDITIONS

- Filing and effectiveness of applicable filings with SEC (including Form 10)
- Customary confirmation that separations are expected to be tax-free to shareowners
- Regulatory and other customary approvals
- Final board of directors' approval

## CAPITAL STRUCTURE

- Balance sheets appropriate for each business's operations
- Automation and Aerospace to maintain strong investment grade credit ratings
- Flexibility to meet capital deployment priorities

## SEPARATION COSTS

- One-time costs of \$1.5B - \$2B<sup>1</sup> across both separation of Automation / Aerospace and Advanced Materials spin
- Stranded costs to be eliminated within 12 - 24 months post-closing
- Dedicated "separation team" to manage separation execution

## NEXT STEPS

- Deliver on our commitments to our customers, shareholders, and employees
- Portfolio shaping to continue
- Key additional details shared for each entity along the way

1. Subject to detailed development and execution of separation restructuring plans.

**Focus on Execution as Portfolio Transformation Enters Next Phase**

# Honeywell