Honeywell

THE
FUTURE
IS
WHAT
WE
MAKE IT

VERTICAL RESEARCH PARTNERS INDUSTRIALS CONFERENCE
SEPTEMBER 9, 2022

DARIUS ADAMCZYK
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

VIMAL KAPUR
PRESIDENT AND
CHIEF OPERATING OFFICER

Forward Looking Statements

This presentation contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, technological, COVID-19 public health factors or impacts of the Russia-Ukraine conflict affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, and other developments, including the potential impact of the COVID-19 pandemic, the Russia-Ukraine conflict, and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described herein are not final and may be modified or abandoned at any time. We identify the principal risks and uncertainties that affect or performance in our Form 10-K and other filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This release contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this release 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 profit excluding the impact of Quantinuum, which we define as segment profit excluding segment profit attributable to Quantinuum; Segment margin, on an overall Honeywell basis, which we define as segment profit divided by net sales; Segment margin excluding the impact of Quantinuum, which we define as segment profit excluding the impact of Quantinuum divided by net sales excluding Quantinuum; Segment profit margin percentage excluding Quantinuum, which we define as the year-over-year increase in segment profit margin percentage excluding the impact of Quantinuum; Expansion in segment profit margin percentage, which we define as the year-over-year increase in segment profit margin percentage; Expansion in segment profit margin percentage excluding Quantinuum, which we define as the year-over-year increase in segment profit margin percentage excluding Quantinuum; Organic sales growth, which we define as net sales growth less the impacts from foreign currency translation, and acquisitions and divestitures for the first 12 months following transaction date; Organic sales growth excluding lost Russian Sales, which we define as organic sales excluding sales attributable to the substantial suspension and wind down of operations in Russia; Organic sales growth excluding COVID-driven mask sales and lost Russian sales, which we define as organic sales growth excluding any sales attributable to COVID-driven mask sales and substantial suspension and wind down of operations in Russia; Free cash flow, which we define as cash flow from operations less capital expenditures plus cash receipts from Garrett, if and as noted in the release; Free cash flow excluding Quantinuum which we define as free cash flow less free cash flow attributable to Quantinuum; Adjusted earnings per share, which we adjust to exclude charges and the accrual of reserves related to outstanding accounts receivable and 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 a tax valuation allowance, related to the initial suspension and winddown of our businesses and operations in Russia, expenses related to UOP matters, pension mark-to-market, changes in fair value for Garrett equity securities, a non-cash charge associated with the reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021, and a gain on the sale of the retail footwear business, if and as noted in the release. 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 metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain metrics 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 release for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

KEY MESSAGES

1. Honeywell value creation framework is a differentiator

2. We are well-positioned for growth acceleration with gains from incremental breakthrough initiatives

3. Our heritage of ESG is a strength which sets us apart

4. Favorable end market exposures and record backlog will enable resiliency through the cycle

5. We are committed to ongoing portfolio optimization and accelerated capital deployment

Best Long-Term Outlook for Honeywell in Decades

THE NEXT STAGE OF TRANSFORMATION

Act 1 – The Great Integration (2016 – 2021)

Digital
Dramatic ERP rationalization, 21 digital platforms deployed; $1B benefits

ISC
$1B cumulative manufacturing and material productivity since 2018

Connected
Launched standalone software business to support customers' digital transformation

Portfolio
Streamlined end markets, reduced exposure to cyclicality and dilutive margins

Act 2 – Growth Acceleration (2022+)

Innovation
Turning BTIs into business units, increasing ESG-oriented offerings

Digital
Accelerating value capture from software and digitization across our processes and offerings

Automation
Investing in automation to increase productivity, quality, and safety

M&A
Deploying capital to add differentiated, high-growth technologies

Previous Long-Term Targets (2019 – 2021)

3% - 5% Organic Sales Growth	**30 – 50 bps** Segment Margin Expansion
No Target Free Cash Flow Margin	**No Target** Capital Deployment

Updated Long-Term Targets (2022+)

4% - 7% Organic Sales Growth	**40 – 60 bps** Segment Margin Expansion
Mid-Teens Free Cash Flow Margin	**At least $25B** Capital Deployment

Laid the Foundation, Now Poised for Growth; Accelerating Financial Framework

RESILIENCY THROUGH THE CYCLE

Favorable End Market Exposures

Highly Resilient In Short Term

Commercial Aviation

+ Pent-up demand for business and leisure travel
+ International travel resumes

Defense

+ Increased defense budgets globally
+ Upcoming international restocking

Energy

+ Capital reinvestment cycle underway
+ Capacity additions needed to replace Russia supply, particularly for gas / LNG

Non-Residential

+ Infrastructure bill tailwinds
+ Focus on sustainability and healthy buildings

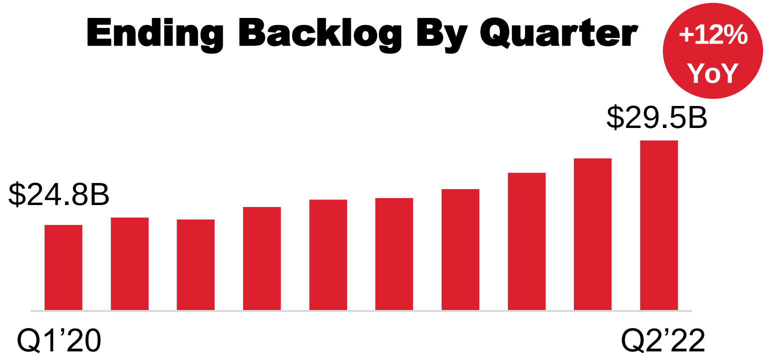
Other Medium-Term Strong End Markets

+ e-Commerce and Life Sciences

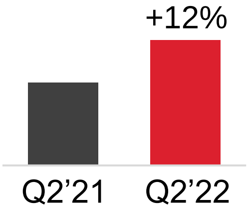
[1]*Based on 2021 sales.*

Robust Backlog

Ending Backlog By Quarter



Q2'22 Orders

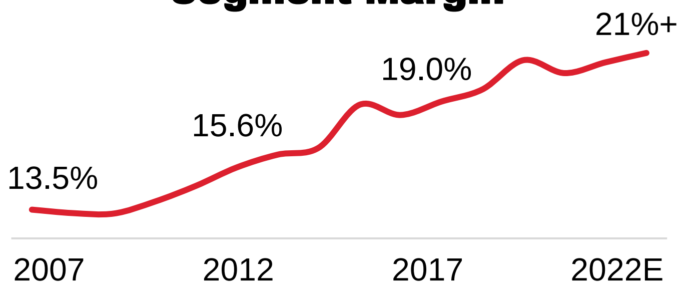


Q2'22 Backlog

- Long-cycle backlog growth of 12% in 2Q led by commercial aviation, building solutions, and process solutions projects
- Record-high backlog supports growth trajectory despite uncertainty in macroeconomic outlook

Demonstrated Execution

Segment Margin



- Honeywell Digital enabling targeted, strategic price actions to mitigate the impact of inflation
- Supply Chain transformation efforts have resulted in a more efficient and agile Honeywell
- Streamlined cost base from repositioning efforts and diligent cost management
- Completed strategic divestitures to reduce cyclicality and dilutive margins

Strong Outlook Underpinned by Orders and Backlog Position

Honeywell

3Q AND FY 2022 OUTLOOK

3Q Guidance

Sales
$8.9B - $9.2B

Up 7% - 11% Organically

Up 8% - 12% Excluding Impact of Lost Russian Sales

Segment Margin
20.9% - 21.2%

Down (30) - Flat bps

Up 10 - 40 bps Excluding Impact of Quantinuum

Adjusted EPS
$2.10 - $2.20

Up 4% - 9%

Net Below the Line Impact

($20M) - $30M

Effective Tax Rate

~24%

Share Count

~679M

FY Guidance

Sales
$35.5B - $36.1B

Up 5% - 7% Organically

Up 7% - 9% Excluding Impact of COVID-Driven Mask Sales Declines and Lost Russian Sales

Prior: $35.5B - $36.4B, Up 4% - 7%

Segment Margin
21.3% - 21.7%

Up 30 - 70 bps

Up 60 - 100 bps Excluding Impact of Quantinuum

Prior: 21.1% - 21.5%, Up 10 - 50 bps

Adjusted EPS
$8.55 - $8.80

Up 6% - 9%

Prior: $8.50 - $8.80, Up 5% - 9%

Free Cash Flow
$4.7B - $5.1B

$4.9B - $5.3B Excluding Impact of Quantinuum

Prior: $4.7B - $5.1B

- Guidance predicated on no major change to the macroeconomic outlook for 2022

Lost Russian sales is defined as the year-over-year decline in sales due to the decision to wind down our businesses and operations in Russia. This does not reflect management's estimate of 2022 Russian sales absent the decision to wind down our businesses and operations in Russia. 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 excludes a 2Q22 expense related to UOP matters and 1H22 charges and accrual of reserves directly attributable to the initial suspension and wind down of businesses and operations in Russia. Adjusted EPS V% also excludes the 1Q21 and 3Q21 gains on sale of the retail footwear business, a 2Q21 non-cash charge associated with the reduction in value of reimbursement receivables due from Garrett, a 3Q21 expense related to UOP matters, changes in fair value for Garrett equity securities, and a 4Q21 pension mark-to market expense.

Third Quarter on Track; Confident in Full Year Outlook

DARIUS ADAMCZYK

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Darius Adamczyk is Chairman and Chief Executive Officer of Honeywell, a leading software-industrial company that helps connect everything from aircraft, cars, buildings, manufacturing plants, supply chains, and workers to make our world smarter, safer, and more sustainable.

He was elected as Honeywell Chairman in April 2018. Before then, he was appointed as President and Chief Executive Officer in March 2017 after serving for a year as President and Chief Operating Officer. Darius' focus in these roles has been on accelerating Honeywell's organic growth, expanding margins, transforming the Company into a premier software-industrial, deploying capital effectively, and building a high-performance culture.

Darius joined the Company in 2008 when Metrologic, where he was serving as Chief Executive Officer, was acquired by Honeywell. He served as President of Honeywell Scanning and Mobility for four years, doubling the size of the business, before leading a turnaround over two years as President of Honeywell Process Solutions. In 2014, Darius was promoted to President and Chief Executive Officer of Honeywell Performance Materials and Technologies.

Before joining Honeywell, Darius held several leadership positions with Ingersoll Rand and Booz Allen Hamilton. He began his career as an electrical engineer at General Electric in 1988.

Born in Poland on February 8, 1966, Darius emigrated to the United States at age 11. He earned his MBA from Harvard University, a master's degree in computer engineering from Syracuse University, and a bachelor's degree in electrical and computer engineering from Michigan State University. Darius also completed the GE Edison Engineering Program, as well as numerous executive development courses at Wharton and Duke, among other institutions. He has received the Corporate Social Responsibility Award from the Foreign Policy Association as well as the John D. Ryder Electrical and Computer Engineering Alumni Award from Michigan State University. He was also named a "Best CEO" by Institutional Investor in its 2019 All-America Executive Team, and as a "Most Admired CEO" by Charlotte Business Journal in 2020.

Darius is Vice Chair of the U.S.-China Business Council, a member of the Business Roundtable Board of Directors, and a member of the Business Council and Aspen Economic Strategy Group. In addition, he was elected to the Board of Directors for Johnson & Johnson in 2022.

VIMAL KAPUR

PRESIDENT AND CHIEF OPERATING OFFICER

Vimal Kapur is President and Chief Operating Officer (COO) of Honeywell. His focus in this role is to create new solutions to help Honeywell customers drive their sustainability transformations and accelerate their digital transformation journeys. In addition, Vimal oversees Honeywell's operating system, Honeywell Accelerator, across the organization. Until a new successor is named, Vimal retains his role as President and CEO of Honeywell Performance Materials and Technologies (PMT), a business group that develops process technologies, automation solutions, advanced materials and industrial software that are transforming industries around the world.

Vimal previously served for three years as President and CEO of Honeywell Building Technologies (HBT), a business that improves energy performance, air quality, and the safety and security of commercial buildings. HBT's products are used in more than 10 million buildings worldwide. Prior to Vimal's HBT leadership role, he served as President of Honeywell Process Solutions (HPS) where, in 2015, he led the business through an oil and gas downturn and positioned it to emerge as an even stronger competitor. Before that, Vimal was Vice President and General Manager of the Advanced Solutions line of business for HPS, where he built the foundation of a strong software business.

Over a Honeywell career that has spanned more than three decades, Vimal has held several other key leadership positions, including Managing Director for Honeywell Automation India Limited (HAIL). Vimal graduated from Thapar Institute of Engineering in Patiala, India, as an electronics engineer with a specialization in instrumentation.

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

($M)	3Q21	2021
Aerospace	$ 2,732	$ 11,026
Honeywell Building Technologies	1,370	5,539
Performance Materials and Technologies	2,510	10,013
Safety and Productivity Solutions	1,861	7,814
Corporate and All Other	—	—
Net Sales	$ 8,473	$ 34,392
Aerospace	$ 740	$ 3,051
Honeywell Building Technologies	322	1,238
Performance Materials and Technologies	558	2,120
Safety and Productivity Solutions	245	1,029
Corporate and All Other	(72)	(226)
Segment Profit	$ 1,793	$ 7,212
Stock compensation expense [(1)]	(56)	(217)
Repositioning, Other [(2,3)]	(117)	(636)
Pension and other postretirement service costs [(3)]	(45)	(159)
Operating income	$ 1,575	$ 6,200
Segment profit	$ 1,793	$ 7,212
÷ Net sales	$ 8,473	$ 34,392
Segment profit margin %	21.2 %	21.0 %
Operating income	$ 1,575	$ 6,200
÷ Net sales	$ 8,473	$ 34,392
Operating income margin %	18.6 %	18.0 %

(1) Amounts included in Selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the three months ended December 31, 2021, other charges include $105 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 Productivity Solutions segment. These costs include incurred amounts and provisions for anticipated losses recognized during the first and fourth quarters 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) 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 these measures are 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 SEGMENT PROFIT TO PROFIT MARGIN % EXCLUDING QUANTINUUM

($M)	3Q21	2021
Segment profit	$ 1,793	$ 7,212
Add: Quantinuum Segment Loss (1)	15	62
Segment Profit Excluding Quantinuum	$ 1,808	$ 7,274
Net Sales	$ 8,473	$ 34,392
Less: Quantinuum Net Sales	1	5
Net Sales Excluding Quantinuum	$ 8,472	$ 34,387
Segment profit margin % excluding Quantinuum	21.3 %	21.2 %
Expansion in segment profit margin % excluding Quantinuum	Not Reported	Not Reported
Expansion in segment profit margin %	Not Reported	Not Reported

(1) For the three months ended September 30, 2021, and the twelve months ended December 31, 2021, Quantinuum Segment Loss includes the segment loss of Honeywell Quantum Solutions, a wholly-owned subsidiary of Honeywell, prior to the November 29, 2021, combination of Honeywell Quantum Solutions and Cambridge Quantum Computing, resulting in the formation of Quantinuum.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We define segment profit excluding the impact of Quantinuum as segment profit excluding segment profit attributable to Quantinuum. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

We define expansion in segment profit margin percentage as the year-over-year increase in segment profit margin percentage. We define expansion in segment profit margin percentage excluding Quantinuum as the year-over-year increase in segment profit margin percentage excluding Quantinuum. 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 segment profit and segment profit excluding the impact of Quantinuum, 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 SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

($M)	2007	2012	2017
Operating income	$ 3,724	$ 4,156	$ 6,303
Stock compensation expense [1]	65	170	176
Repositioning, Other [2,3]	543	488	962
Pension and other postretirement service costs [3]	322	1,065	249
Segment profit	$ 4,654	$ 5,879	$ 7,690
Operating income	$ 3,724	$ 4,156	$ 6,303
÷ Net sales	$ 34,589	$ 37,665	$ 40,534
Operating income margin %	10.8 %	11.0 %	15.6 %
Segment profit	$ 4,654	$ 5,879	$ 7,690
÷ Net sales	$ 34,589	$ 37,665	$ 40,534
Segment profit margin %	13.5 %	15.6 %	19.0 %

(1) Amounts included in Selling, general and administrative expenses.
(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.
(3) 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 these measures are 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 EPS TO ADJUSTED EPS

	3Q21	FY2021	3Q22E	2022E
Earnings per share of common stock - diluted (1)	$ 1.80	$ 7.91	$2.10 - $2.20	$8.02 - $8.27
Pension mark-to-market expense (2)	—	0.05	—	No Forecast
Changes in fair value for Garrett equity securities (3)	—	(0.03)	—	—
Garrett related adjustments (4)	—	0.01	—	—
Gain on sale of retail footwear business (5)	(0.01)	(0.11)	—	—
Expense related to UOP Matters (6)	0.23	0.23	—	0.07
Russian-related Charges (7)	—	—	—	0.46
Adjusted earnings per share of common stock - diluted	$ 2.02	$ 8.06	$2.10 - $2.20	$8.55 - $8.80

(1) For the three months ended September 30, 2021, adjusted earnings per share utilizes weighted average shares of approximately 698.9 million. For the twelve months ended December 31, 2021, adjusted earnings per share utilizes weighted average shares of approximately 700.4 million. For the three months ended September 30, 2022, and twelve months ended December 31, 2022, expected earnings per share utilizes weighted average shares of approximately 679 million and 686 million (the midpoint of the expected range of 684 million to 687 million), respectively.

(2) Pension mark-to-market expense uses a blended tax rate of 25% for 2021.

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

(4) For the twelve months ended December 31, 2021, the adjustment was $7 million, net of tax, due to a non-cash charge associated with the reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

(5) For the three months ended September 30, 2021, and twelve months ended December 31, 2021, the adjustments were $4 million and $76 million, respectively, net of tax, due to the gain on sale of the retail footwear business.

(6) For the twelve months ended December 31, 2022, the adjustment was $50 million, with no tax benefit, due to an expense related to UOP matters. For the three months ended September 30, 2021, and twelve months ended December 31, 2021, the adjustment was $160 million, with no tax benefit, due to an expense related to UOP matters.

(7) For the twelve months ended December 31, 2022, the adjustment was $309 million, to exclude charges and the accrual of reserves related to outstanding accounts receivable and 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 a tax valuation allowance, related to the initial suspension and wind down of our businesses and operations in Russia.

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.

RECONCILIATION OF EXPECTED CASH PROVIDED BY OPERATING ACTIVITIES TO EXPECTED FREE CASH FLOW AND EXPECTED FREE CASH FLOW EXCLUDING QUANTINUUM

	2022E ($B)
Cash provided by operating activities	**~$5.5 - $5.9**
Expenditures for property, plant and equipment	**~(1.2)**
Garrett cash receipts	**0.4**
Free cash flow	**~$4.7 - $5.1**
Free Cash flow attributable to Quantinuum	**0.2**
Free cash flow excluding Quantinuum	**~$4.9 - $5.3**

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 Quantinuum as free cash flow less free cash flow attributable to Quantinuum.

We believe that free cash flow and free cash flow excluding Quantinuum are non-GAAP metrics 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. This metric 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.