


April 20, 2018

FIRST QUARTER 2018

Earnings Release

Honeywell

THE POWER OF **CONNECTED**

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, and technological factors affecting our operations, markets, products, services and prices, as well as the ability to effect the separations. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements, including with respect to any changes in or abandonment of the proposed separations. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

Information regarding the impact of Tax Legislation consists of preliminary estimates which are forward-looking statements and are subject to change, possibly materially, as the firm completes its financial statements. Information regarding the impact of Tax Legislation is based on our current calculations, as well our current interpretations, assumptions and expectations relating to Tax Legislation, which are subject to further change.

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, which we define as segment profit divided by sales; organic sales growth, which we define as sales growth less the impacts from foreign currency translation, acquisitions and divestitures for the first 12 months following transaction date, and impacts from adoption of the new accounting guidance on revenue from contracts with customers that arise solely due to non-comparable accounting treatment of contracts existing in the prior period; free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude impact of separation cost and adjustments to the provisional charge related to Tax Legislation, if and as noted in the presentation; and earnings per share, which we adjust to exclude pension mark-to-market expenses, as well as for other components, such as separation costs, the provisional charge related to Tax Legislation, and adjustments to such provisional charge, if and as noted in the presentation. Other than references to reported earnings per share, all references to earnings per share in this presentation are so adjusted. The respective tax rates applied when adjusting earnings per share for these items are identified in the presentation or in the reconciliations presented in the Appendix. 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. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

Strong First Quarter

	Actual	Guidance
High-quality earnings, great execution	$1.95 Earnings Per Share	$1.87 - $1.93
Significant sales, orders, and backlog growth	5% Organic Sales Growth	2% - 4%
Strong operational performance	40 bps Segment Margin Expansion	30 - 60 bps
		1Q17 Results
Outstanding free cash flow	$1.0B[1] Free Cash Flow	$0.8B
Aggressive and opportunistic capital deployment	$1.4B Share Repurchase, Dividends	$0.8B

EPS, EPS V%, free cash flow, free cash flow V% exclude impacts from separation costs
[1]Operating cash flow in 1Q18 was $1.1B, up 21% year over year

Excellent First Quarter – Every Metric Within or Above Guidance

Recent Highlights

Aerospace

Signed 3 contracts with Singapore Airlines Group for Connected Aircraft technologies, weather radar, navigation systems, APUs, and 24/7 support.

Home and Building Technologies

Launched INNCOM e7 thermostat for hotels – the **first enterprise-grade environmental control and energy management solution that incorporates Amazon Alexa** voice control.

Environment

Pledged to reduce China-specific greenhouse gas emissions by **10% per dollar of revenue from 2016 levels by 2022**.

Honeywell has voluntarily implemented more than 100 energy efficiency projects in China.

Performance Materials and Technologies

Introduced cloud-based **augmented reality and virtual reality** simulation tool to train plant personnel on critical industrial work activities.

Safety and Productivity Solutions

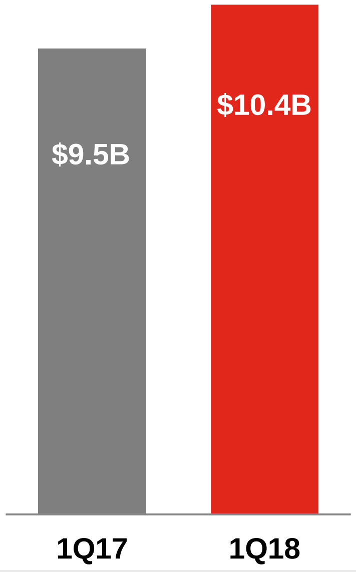
Launched Dolphin™ CN80 **Android-based ultra-rugged handheld computer** for demanding environments, including distribution centers and parcel delivery.

Our Businesses Continue to Innovate and Win

1Q18 Financial Summary

Sales

Up 5%
Organic



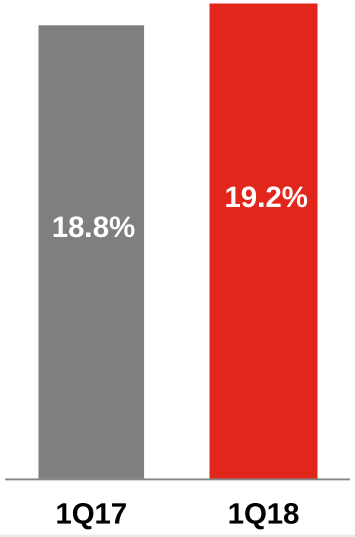
- Reported sales up 9%

\+ F/X impact: 4 points

\+ Aerospace, Intelligrated, Process Solutions

Segment Margin

Up 40 bps



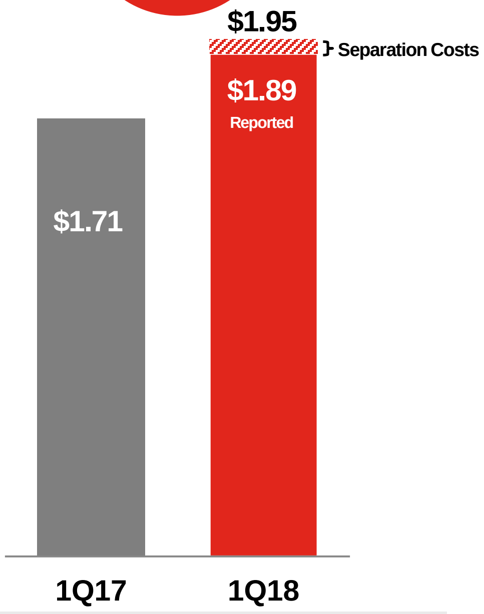
- Segment profit up 12%

\+ Commercial Excellence

\+ Productivity net of inflation

EPS

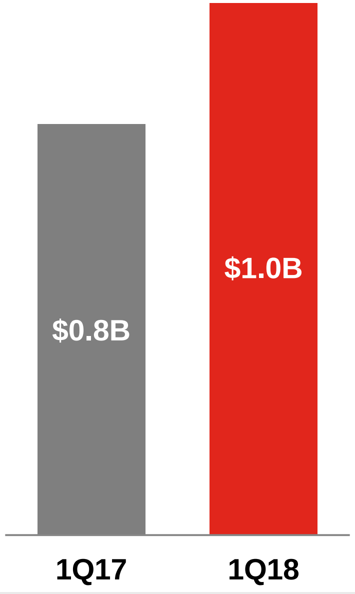
Up 14%



- Reported EPS of $1.89, up 11%
- ~$55M separation costs ($49M net of tax)
- ~23.6% ETR (22.7% in 1Q17)

FCF

Up 30%



- Operating cash flow of $1.1B, up 21%

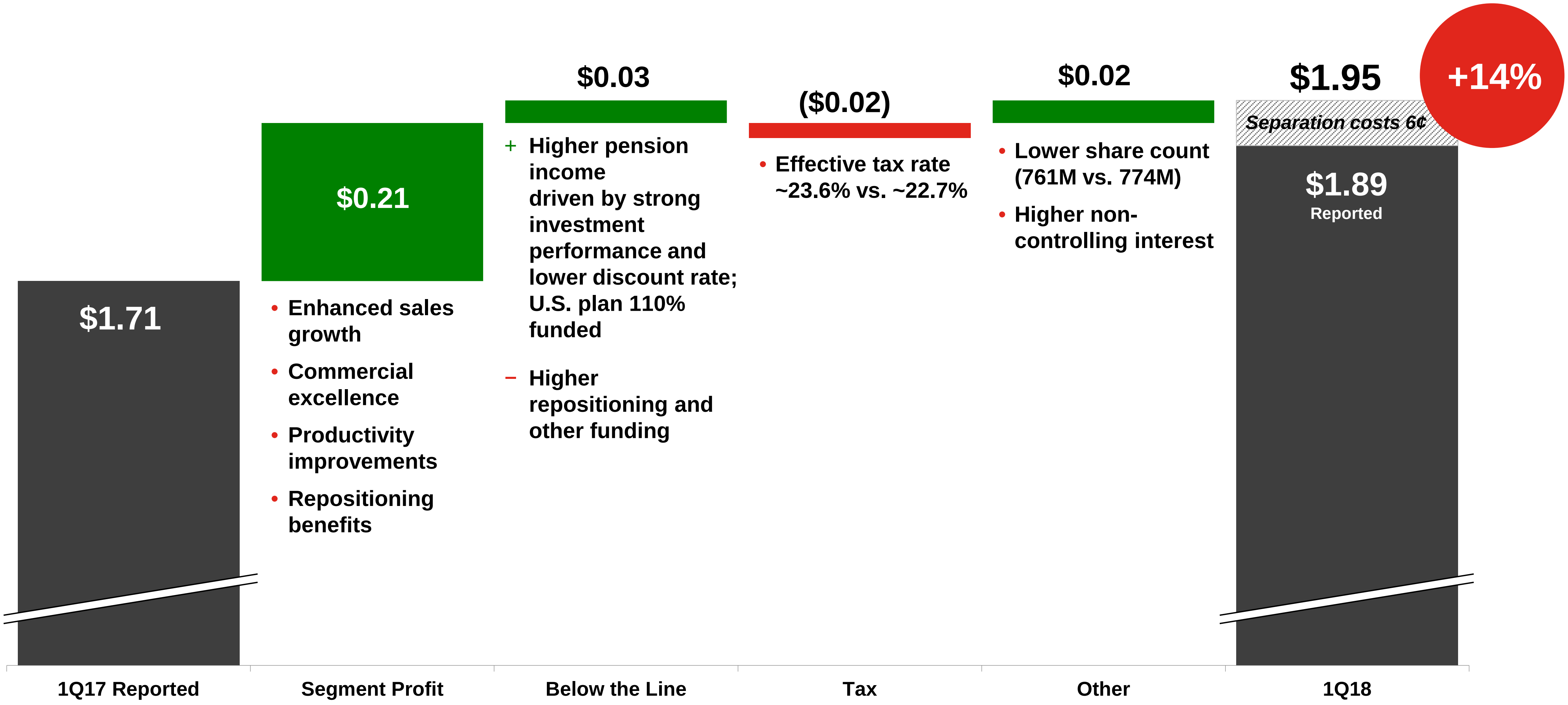
\+ Strong operational performance driven by HBT and SPS

\+ Deployed ~$950M to share repurchase

EPS, EPS V%, free cash flow, free cash flow v%, effective tax rate exclude impacts from separation costs

Outstanding Start to 2018

1Q 2018 EPS

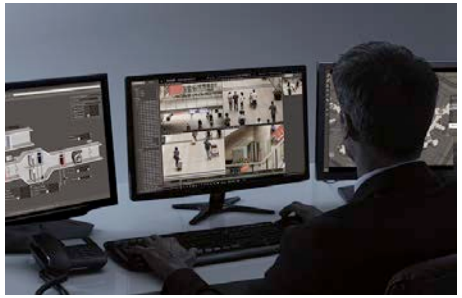


EPS, EPS V%, ETR excludes separation costs

Strong Segment Profit Growth Driving Earnings per Share

Home and Building Technologies – New Organization

Buildings (~$5.3B)



Building Products

Fire controls Software, and systems including panels, detectors, emergency notification, aspirating fire detection and voice alarms

Commercial Security Detection systems and software including intrusion, access control, video surveillance and alarm verification

Air and Water Monitoring and control for indoor air quality through air purification and ventilation, and water quality through filter and purification and related software

Connected Buildings

Precision controls of energy usage, heating, cooling, humidity, space utilization, and related building management software

Building Solutions

Integrated software and hardware offering for complex buildings and structures, focusing on installation, integration and service

Homes (~$4.5B)

Comfort and Care

Precision controls of heating, cooling, and humidity, home health monitoring, and related software

Safety and Security

Self-monitored solutions and software for intrusion alarms and home video surveillance, water leak detection and prevention controls

Professionally installed and monitored intrusion alarm systems

Distribution

Wholesale distributor of security and low voltage products including video surveillance, intrusion and fire detection, and access control systems

Sales as of 2017

New Structure Supports Homes and Global Distribution Spin-Off

1Q 2018 Segment Results

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	**$3,977** *Up 12%* *Up 8% Organic*	**22.5%** *Up 10*	+ Robust Commercial OE deliveries, U.S. Defense volumes; R&O and JetWave® demand + Gas turbo penetration, commercial vehicle demand – Higher volumes of lower margin OE shipments, inflation, foreign exchange
HBT	**$2,433** *Up 7%* *Up 2% Organic*	**17.1%** *Up 50*	+ Strong demand for residential thermal products and thermostats + ADI growth across all regions (commercial excellence, High Growth Region expansion) + Building Solutions backlog conversion; demand in High Growth Regions
PMT	**$2,534** *Up 8%* *Up 3% Organic*	**20.5%** *Flat*	+ HPS short-cycle – thermal solutions, smart energy, aftermarket, field instrumentation + Continued Solstice® strength in Advanced Materials; UOP sales, orders, backlog growth – Unfavorable mix, catalyst shipment timing
SPS	**$1,448** *Up 9%* *Up 6% Organic*	**16.0%** *Up 130*	+ Strong orders and sales growth at Intelligrated + Demand in Sensing, Scanning, and China / India + Margin expansion driven by higher volumes and productivity

Organic Sales Growth Acceleration Continues

Tariffs

- **U.S. Section 232 Steel and Aluminum Tariffs Enacted March 2018:**
  - HON limited direct purchases of steel / aluminum … mostly indirect (tier 2) exposure
  - HON expects minor total impact from tariffs (<$10M on ~$60M imports)
  - Inflationary impact on non-imported steel and aluminum more relevant
  - Largest exposure in Performance Materials and Technologies: ~2/3 of HON exposure
  - Risk mitigation strategies developed in all businesses – expect impact to be fully offset
- **U.S. Section 301 Proposed Tariffs on Chinese Original Goods Under Comment Period Until May 11:**
  - Currently assessing HON exposures and developing mitigation strategies
  - Largest expected HON impacts: Aerospace (turbine parts), HBT, and SPS
  - China retaliatory tariffs could impact PMT / UOP (catalysts, adsorbents)
  - U.S. agreed to hold consultations with China – developments ongoing
  - Closely following progress, while simultaneously developing mitigation plans to offset impacts

Actively Managing Impact of Enacted Tariffs

2Q 2018 Preview

Total Honeywell

Sales	Segment Margin
$10.7B - $10.8B Up 6% - 7% *3% - 4% Organic*	**19.3% - 19.5%** Up 30 - 50 bps

EPS	Other
$1.97 - $2.03 Up 9% - 13%	Effective Tax Rate: ~24%

What We Are Seeing

Aero
- Comm'l OE and U.S. Defense strength continues
- Commercial Aftermarket Repair and Overhaul demand
- Gas turbo demand (China, EU), comm'l vehicle growth continues

HBT
- Global growth in Homes products and ADI
- Strength in commercial fire

PMT
- UOP licensing and equipment; continued Solstice® strength
- Short-cycle strength in Process Solutions driven by strong 1Q orders

SPS
- Intelligrated growth supported by strong orders and backlog
- Strength in Safety, Sensing; new Mobility product launches

EPS, EPS V%, ETR exclude separation costs and adjustments to the provisional charge related to tax legislation

Continued Growth Momentum; Expect EPS of $1.97 - $2.03

2018 Financial Guidance Summary

Total Honeywell

Sales	Segment Margin
$42.7B - $43.5B	**19.3% - 19.6%**
Up 5% - 7%	Up 30 - 60 bps
3% - 5% Organic	

EPS	FCF
$7.85 - $8.05	**$5.3B - $5.9B**
Up 10% - 13%	Up 7% - 20%

By Segment

	Sales	Margin
Aero	**$15.7B - $16.0B** Up 6% - 8% *Up 3% - 5% Organic*	**22.5% - 22.8%** Up 30 - 60 bps
HBT	**$10.1B - $10.3B** Up 3% - 5% *Up 1% - 3% Organic*	**17.1% - 17.4%** Up 20 - 50 bps
PMT	**$10.9B - $11.1B** Up 6% - 8% *Up 3% - 5% Organic*	**21.5% - 21.8%** Up 20 - 50 bps
SPS	**$6.0B - $6.1B** Up 6% - 8% *Up 4% - 6% Organic*	**15.4% - 15.7%** Up 30 - 60 bps

EPS, EPS V% exclude pension mark-to-market, separation costs, the provisional charge related to tax legislation and adjustments to such charge
Free cash flow, FCF V% exclude impacts from separation costs and tax legislation

Raising 2018 EPS Guidance to $7.85 - $8.05

Summary

- Strong sales, orders and EPS growth, good margin expansion, robust cash generation
- Impactful new Connected product launches
- Expect second quarter EPS of $1.97 - $2.03, up 9% - 13%
- Raising 2018 EPS guidance to $7.85 - $8.05, up 10% - 13%
- Preparation for spins continues, timing on track

EPS, EPS V% exclude pension mark-to-market, separation costs, the provisional charge related to tax legislation and adjustments to such charge (as applicable)

Strong First Quarter – Expect Outstanding Performance to Continue

Appendix

1Q18 Segment Sales Results

	Reported	Organic
Aerospace	**12%**	**8%**
Commercial Aviation Original Equipment	14%	9%
Commercial Aviation Aftermarket	6%	4%
Defense & Space	14%	13%
Transportation Systems	18%	7%
Home And Building Technologies	**7%**	**2%**
Homes	10%	6%
Buildings	5%	Flat
Performance Materials And Technologies	**8%**	**3%**
UOP	6%	3%
Honeywell Process Solutions	9%	4%
Advanced Materials	6%	1%
Safety And Productivity Solutions	**9%**	**6%**
Safety	6%	2%
Productivity Solutions	12%	8%

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income Margins

($M)	1Q17	2Q17	2017	1Q18
Aerospace	$3,546	$3,674	$14,779	$3,977
Home and Building Technologies	2,269	2,414	9,777	2,433
Performance Materials and Technologies	2,353	2,561	10,339	2,534
Safety and Productivity Solutions	1,324	1,429	5,639	1,448
Net Sales	$9,492	$10,078	$40,534	$10,392
Aerospace	$796	$819	$3,288	$893
Home and Building Technologies	377	391	1,650	416
Performance Materials and Technologies	483	553	2,206	519
Safety and Productivity Solutions	194	214	852	231
Corporate	(61)	(67)	(306)	(64)
Segment profit	$1,789	$1,910	$7,690	$1,995
Stock compensation expense (1)	(50)	(44)	(176)	(52)
Pension and other postretirement service costs (2)	(63)	(59)	(247)	(56)
Repositioning and other (3,4)	(135)	(209)	(1,010)	(163)
Operating income	$1,541	$1,598	$6,257	$1,724
Segment profit	$1,789	$1,910	$7,690	$1,995
÷ Sales	$9,492	$10,078	$40,534	$10,392
Segment profit margin %	18.8%	19.0%	19.0%	19.2%
Operating income	$1,541	$1,598	$6,257	$1,724
÷ Sales	$9,492	$10,078	$40,534	$10,392
Operating income margin %	16.2%	15.9%	15.4%	16.6%

(1) Amounts included in Selling, general and administrative expenses.
(2) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs). (Note - Other income/expense includes non-service cost components).
(3) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
(4) Included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.

Certain amounts in the prior year reconciliation have been reclassified to conform with current year presentation, including changes made due to the adoption of the accounting standard related to classification of pension and other postretirement benefit costs.

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, 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 segment profit to operating income will be included within future filings.

Reconciliation of EPS to EPS, Excluding Separation Costs

	1Q17 (1)	1Q18 (2)
Earnings per share of common stock - assuming dilution (EPS)	$1.71	$1.89
Separation costs	-	0.06
EPS, excluding separation costs	$1.71	$1.95

(1) Utilizes weighted average shares of 773.9 million

(2) Utilizes weighted average shares of 761.0 million, separation costs of $55 million ($49 net of tax) uses a blended tax rate of 11%.

We believe EPS, excluding separation costs is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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Reconciliation of Organic Sales % Change

	1Q18
Honeywell	
Reported sales % change	9%
Less: Foreign currency translation	4%
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	5%
Aerospace	
Reported sales % change	12%
Less: Foreign currency translation	3%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	8%
Home and Building Technologies	
Reported sales % change	7%
Less: Foreign currency translation	5%
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	2%
Performance Materials and Technologies	
Reported sales % change	8%
Less: Foreign currency translation	5%
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	3%
Safety and Productivity Solutions	
Reported sales % change	9%
Less: Foreign currency translation	3%
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	6%

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, acquisitions, net of divestitures and non-comparable impacts from adoption of the new revenue recognition standard. 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 Cash Provided by Operating Activities to Free Cash Flow, Excluding Separation Cost Payments and Impacts from Tax Legislation

($M)	1Q17	1Q18	2017	2018E *($B)*
Cash provided by operating activities	$940	$1,136	$5,966	TBD
Expenditures for property, plant and equipment	(168)	(140)	(1,031)	~(0.9)
Free cash flow	772	996	4,935	TBD
Separation cost payments	-	10	-	TBD
Impacts from tax legislation	-	-	-	TBD
Free cash flow, excluding separation cost payments and impacts from tax legislation	$772	$1,006	$4,935	~$5.3 - $5.9

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe free cash flow, excluding separation cost payments is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

We believe that this metric is useful to investors and management as a measure of cash generated by business 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 business operations and the impact that this cash flow has on our liquidity. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the separation cost payments given the preliminary nature of the estimates and any adjustments to charges from tax legislation as the charges are provisional. We therefore do not include an estimate for separation cost payments, or adjustments to charges from tax legislation in this reconciliation. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.

Reconciliation of Effective Tax Rate to Effective Tax Rate, Excluding Separation Costs

	1Q18
Effective tax rate	24.0%
Separation costs	(0.4%)
Effective tax rate, excluding separation costs	23.6%

We believe effective tax rate, excluding separation costs is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Reconciliation of EPS to EPS, Excluding Pension Mark-to-Market Expense, Separation Costs, and Impacts from Tax Legislation

	2Q17	2Q18E	2017 (1)	2018E
Earnings per share of common stock - assuming dilution (EPS)	$1.80	TBD	$2.14	TBD
Pension mark-to-market expense	-	-	0.09	TBD
Separation costs	-	TBD	0.02	TBD
Impacts from tax legislation	-	TBD	4.86	TBD
EPS, excluding pension mark-to-market expense, separation costs, and impacts from tax legislation	$1.80	$1.97 - $2.03	$7.11	$7.85 - $8.05

(1) Utilizes weighted average shares of 772.1 million. Pension mark-to-market expense uses a blended tax rate of 23%.

We believe earnings per share, excluding pension mark-to-market expense, separation costs and impacts from tax legislation 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, the separation costs given the preliminary nature of the estimates, and any adjustments to charges from tax legislation as the charges are provisional. We therefore do not include an estimate for the pension mark-to-market expense, separation costs, or adjustments to charges from tax legislation in this reconciliation. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.