



MORGAN STANLEY **LAGUNA CONFERENCE**

VIMAL KAPUR
Chief Executive Officer

SEPTEMBER 12, 2023



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. 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; Segment profit margin, on an overall Honeywell basis; Organic sales percentage; Free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin; 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

1

SIMPLIFY

- Align with three megatrends
 - Aviation
 - Automation
 - Energy Transition

2

GROW

- New products as engine of organic growth; new innovation playbook
- Commercial excellence focus

3

MANAGE PORTFOLIO

- Enhance M&A capability
- Bolt-on deals to align to three megatrends
- Stay disciplined

4

ACCELERATOR

- Version 3.0 of Honeywell operating system
- Foundation for profitable growth for existing business / M&A

COMPELLING LONG-TERM FINANCIAL FRAMEWORK

4% - 7%

Organic Sales Growth

40 - 60 bps

Segment Margin Expansion

Mid-Teens+

Free Cash Flow Margin

\$25B+

2023 - 2025 Capital Deployment

A Strong Foundation in Place, Poised for Accelerated Growth

FOCUS ON ORGANIC GROWTH ACCELERATION

Strengths Aligned to Megatrends

	MARKET GROWTH	LEADING HONEYWELL POSITION
ENERGY TRANSITION	↑ DD	<ul style="list-style-type: none"> Sustainable Technology Solutions Sustainable Building Technologies Advanced Materials
AUTOMATION	↑ MSD	<ul style="list-style-type: none"> Manufacturing / Supply Chain / Building Sensing Technologies
AVIATION	↑ HSD / DD	<ul style="list-style-type: none"> Diversified Aero portfolio Leader in AAM solutions
DIGITALIZATION	↑ DD	<ul style="list-style-type: none"> Honeywell Connected Enterprise

AAM: Advanced Aerial Mobility, EV: Electric Vehicles.

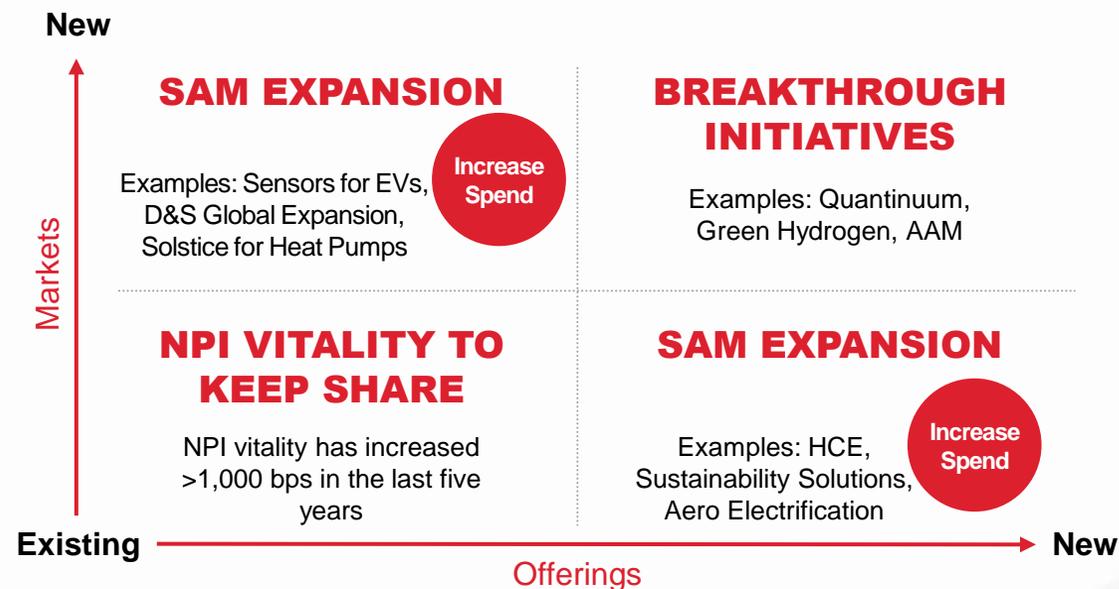
Innovation Playbook

What is the same

- Continued R&D investments (4% - 5% of sales)
- Driving average 200 bps NPI Vitality increase each year

What is different

- Greater capital allocation toward new product categories
- Compounding benefits over time

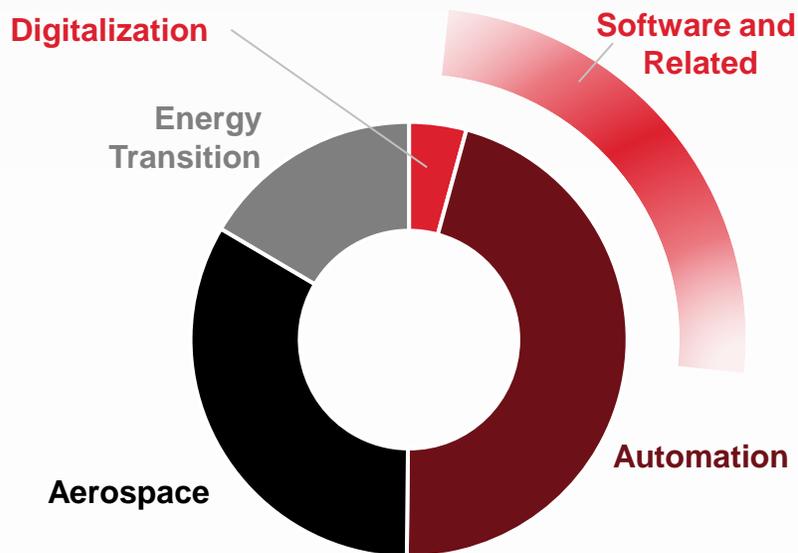


End Market Setup, Innovation Playbook Driving Increased Organic Growth

PORTFOLIO SHAPING

1 SIMPLIFICATION AND ALIGNMENT WITH MEGATRENDS

Current Indicative Sales



2 TARGETED PORTFOLIO OUTCOMES

	2022	TARGET
Recurring Revenue	32% ➔	35%+
Gross Margin	37% ➔	40%+
Segment Margin	22% ➔	25%+

3 CAPITAL DEPLOYMENT FOCUS

\$36B - \$39B

Total Capital Deployment Capacity

Additional Potential Deployment	\$11B - \$14B Available Cash and Debt Capacity
\$25B+ Re-upped commitment for 2023 - 2025	\$13B+ Share Repurchases and M&A
	~\$3B Capex
	~\$9B Dividends

2023+ Priorities

- Prioritize bolt-on M&A
- Reshape portfolio through strategic pruning
- Fund Honeywell innovation engine

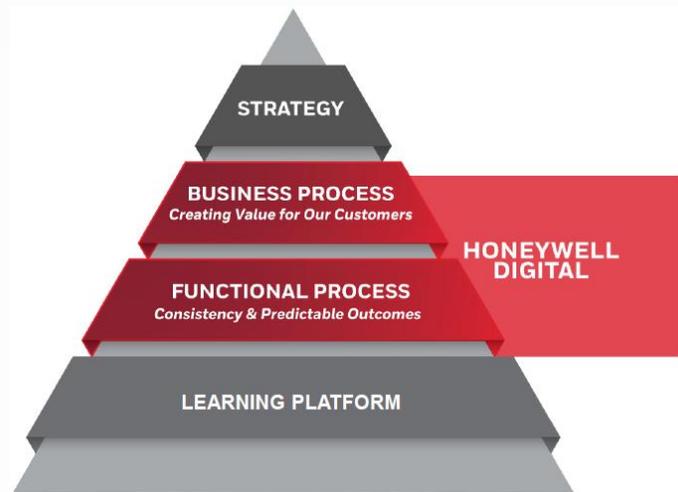
Data represents 2022 sales. Honeywell gross margin excludes customer-funded R&D, in line with the reporting change made in 1Q23. Note: Prior 2022 - 2024 of \$25B+ commitment made in March 2022 Investor Day.

High-Grading Portfolio

HONEYWELL ACCELERATOR

WHAT IS ACCELERATOR?

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



WHAT IS NEXT?

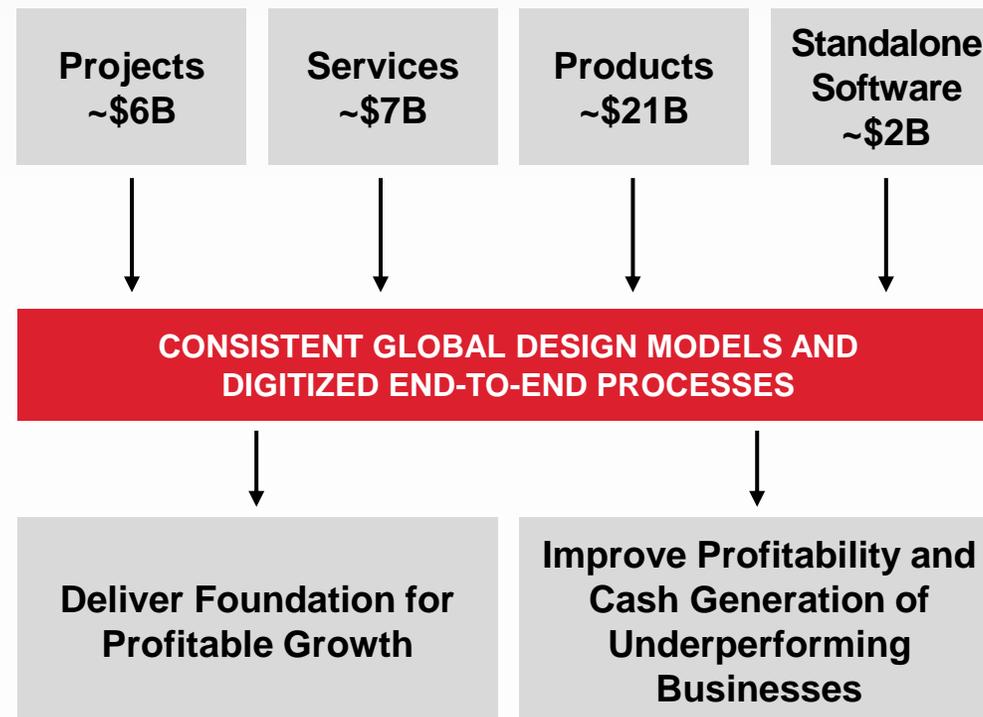
2023 and Beyond:

1. End-to-end business model standardization
2. Extract value from the digital thread
3. M&A benefit from integration excellence

↓
Accelerating profitable growth

BUSINESS MODEL STANDARDIZATION

Pivot from functional process excellence to business model value creation



Data represents 2022 sales.

Culture of Execution; Taking Best-In-Class Operating System to the Next Level

SUMMARY

Honeywell well-positioned as we enter **next phase of Transformation**

Clear priorities around **innovation and growth**

Next evolution of **Accelerator operating system**

Committed to driving our financial algorithm to **deliver superior returns for our shareholders**

Focused on capital deployment to accelerate growth

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

Poised for Growth in Next Phase for Honeywell

Honeywell

2023 UPDATE

3Q GUIDANCE

SALES

\$9.1B - \$9.3B

Up 1% - 4% Organically

SEGMENT MARGIN

22.3% - 22.6%

Up 50 - 80 bps

FY GUIDANCE

SALES

\$36.7B - \$37.3B

Up 4% - 6% Organically

SEGMENT MARGIN

22.4% - 22.6%

Up 70 - 90 bps

ADJUSTED EPS

\$2.15 - \$2.25

Down (4%) - Flat

\$2.28 - \$2.38 Excluding Pension

Headwind or up 2% - 6%

NET BELOW THE LINE IMPACT

(\$120M - \$170M)

EFFECTIVE TAX RATE

~23%

SHARE COUNT

~669M

ADJUSTED EPS

\$9.05 - \$9.25

Up 3% - 6%

\$9.60 - \$9.80 Excluding Pension

Headwind or up 10% - 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 2Q23 net expense related to the NARCO Buyout and HWI Sale, 2Q23 and 1Q23 Russian-related charges, 3Q22 gain on sale of Russian entities, 3Q22 Russian-related charges, 2022 Expense related to UOP Matters, 2022 Russian-related charges, 2022 gain on sale of Russian entities, and 2022 net expense related to the NARCO Buyout and HWI Sale. Adjusted EPS excluding pension headwind guidance and adjusted EPS V% excluding pension headwind guidance excludes the items previously described and the impact of the expected year over year decrease in pension ongoing income.

Third Quarter on Track; Confident in Full Year Outlook



VIMAL KAPUR

CHIEF EXECUTIVE OFFICER

Vimal Kapur is Chief Executive Officer of Honeywell, where he's focused on enhancing innovation to continue delivering strong financial results, optimizing company operations to drive value, aligning the portfolio to megatrends including maintaining a leadership position in ESG, and developing the nearly 100,000 Futureshapers that work at Honeywell every day across more than 80 countries. He also serves on the company's Board of Directors.

Prior to becoming CEO, Vimal was President and Chief Operating Officer of Honeywell. Vimal previously served as President and CEO of Honeywell Performance Materials and Technologies from 2021 to 2022 and President and CEO of Honeywell Building Technologies (HBT) 2018 to 2021. Before his HBT leadership role, he served as President of Honeywell Process Solutions (HPS).

Before his leadership roles, Vimal worked as the VP of Global Marketing and Strategy for HPS and the General Manager of the Advanced Solutions business within HPS. He started his career at a Honeywell Joint Venture in 1989 and eventually became the Managing Director of Honeywell Automation India Limited in 2006. Vimal graduated from Thapar Institute of Engineering in Patiala, India, as an electronics engineer with a specialization in instrumentation.

Over his more than three-decade career at Honeywell, Vimal has established deep knowledge of Honeywell's businesses, end markets, and customer needs as well as a deep connection to the company's Futureshapers.

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. 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)	3Q22	2022
Operating income	\$ 1,742	\$ 6,427
Stock compensation expense ⁽¹⁾	50	188
Repositioning, Other ^(2,3)	128	942
Pension and other postretirement service costs ⁽³⁾	32	132
Segment profit	\$ 1,952	\$ 7,689
Operating income	\$ 1,742	\$ 6,427
÷ Net sales	\$ 8,951	\$ 35,466
Operating income margin %	19.5 %	18.1 %
Segment profit	\$ 1,952	\$ 7,689
÷ Net sales	\$ 8,951	\$ 35,466
Segment profit margin %	21.8 %	21.7 %

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. For the three months ended September 30, 2022, other charges include a benefit of \$16 million primarily related to a favorable foreign exchange revaluation on an intercompany loan with a Russian affiliate, in addition to the recovery of outstanding accounts receivable previously reserved against, partially offset by additional charges for called guarantees, related to the initial suspension and wind down of our businesses and operations in Russia. 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 three months ended September 30, 2022 and twelve months ended December 31, 2022, other charges include \$17 million and \$41 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 Safety and Productivity 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 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, 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 segment profit to operating income will be included within future filings.

RECONCILIATION OF EPS TO ADJUSTED EPS AND ADJUSTED EPS EXCLUDING PENSION HEADWIND

	3Q22	FY2022	3Q23E	2023E
Earnings per share of common stock - diluted ⁽¹⁾	\$ 2.28	\$ 7.27	\$2.15 - \$2.25	\$9.05 - \$9.25
Pension mark-to-market expense ⁽²⁾	—	0.64	No Forecast	No Forecast
Expense related to UOP Matters ⁽³⁾	—	0.07	—	—
Russian-related charges ⁽⁴⁾	(0.02)	0.43	—	—
Gain on sale of Russian entities ⁽⁵⁾	(0.01)	(0.03)	—	—
Net expense related to the NARCO Buyout and HWI Sale ⁽⁶⁾	—	0.38	—	—
Adjusted earnings per share of common stock - diluted	<u>\$ 2.25</u>	<u>\$ 8.76</u>	<u>\$2.15 - \$2.25</u>	<u>\$9.05 - \$9.25</u>
Pension headwind ⁽⁷⁾	—	—	~0.13	~0.55
Adjusted earnings per share of common stock excluding Pension headwind - diluted	<u><u>\$ 2.25</u></u>	<u><u>\$ 8.76</u></u>	<u><u>\$2.28 - \$2.38</u></u>	<u><u>\$9.60 - \$9.80</u></u>

(1) For the three months ended September 30, 2022, adjusted earnings per share utilizes weighted average shares of approximately 679.6 million. For the twelve months ended December 31, 2022, adjusted earnings per share utilizes weighted average shares of approximately 683.1 million. For the three months ended September 30, 2023, and twelve months ended December 31, 2023, expected earnings per share utilizes weighted average shares of approximately 669 million and 670 million, respectively.

(2) Pension mark-to-market expense uses a blended tax rate of 16%, net of tax benefit of \$83 million, for 2022.

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

(4) For the three months ended September 30, 2022, the adjustment was \$16 million, without tax expense, primarily related to a favorable foreign exchange revaluation on an intercompany loan with a Russian affiliate, in addition to the recovery of outstanding accounts receivable previously reserved against, partially offset by additional charges for called guarantees, 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, 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.

(5) For the three months ended September 30, 2022, the adjustment was \$10 million, without tax expense, due to the gain on sale of a Russian entity. For the twelve months ended December 31, 2022, the adjustment was \$22 million, without tax expense, 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 benefit of \$82 million, due to the net expense related to the NARCO Buyout and HWI Sale.

(7) For the three and twelve months ended September 30, 2023, and December 31, 2023, the adjustment is the forecasted decline of approximately \$85 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 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 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

	<u>2023E_(\$B)</u>
Cash provided by operating activities	~\$4.9 - \$5.3
Capital expenditures	~(1.0)
Garrett cash receipts	<u>—</u>
Free cash flow	~\$3.9 - \$4.3
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 for capital expenditures 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 define free cash flow margin as free cash flow divided by net sales.

We believe that free cash flow, free cash flow excluding impact of settlements, and free cash flow margin 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.