

# **HONEYWELL** **AT A GLANCE**

**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; EBITDA; EBITDA margin; Free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin; Adjusted earnings per share; Adjusted net income attributable to Honeywell; Adjusted net income before interest; and Return on invested capital (ROIC), 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.

Honeywell is delivering the future of automation, air travel, and energy with our industry-leading, software-enabled solutions. We create shareholder value through profitable growth and strategic, high-return capital deployment.

**\$38B**  
2024 Sales

**13%**  
2024 FCF Margin

**15**  
Dividend Increases  
Since 2010

**\$9.89**  
2024 Adj. EPS

**102,000**  
2024 Employees

**192%**  
10-Year Total  
Shareowner Return

## SOLVING THE WORLD'S TOUGHEST CHALLENGES IN...

### AUTOMATION



### AVIATION



### ENERGY TRANSITION

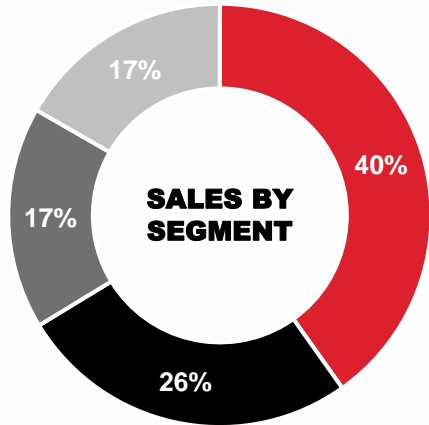


← **UNDERPINNED BY DIGITALIZATION** →

# HONEYWELL BY THE NUMBERS

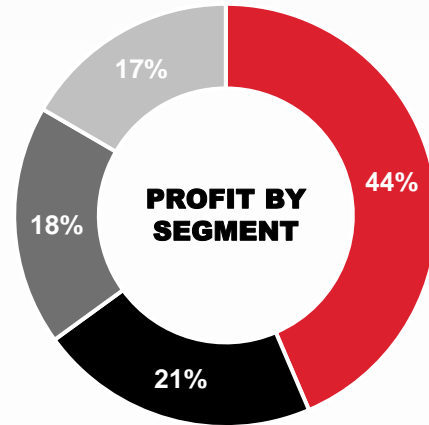
**\$38B**

2024 Sales



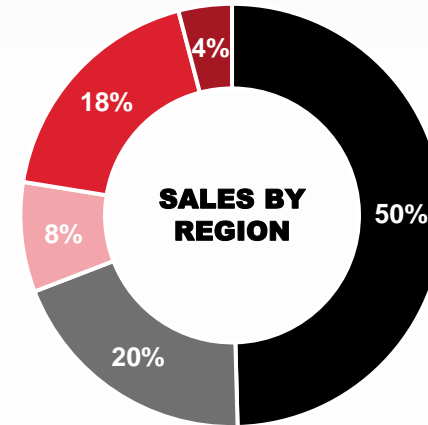
**38%**

2024 Gross Margin



**23%**

2024 Segment Margin

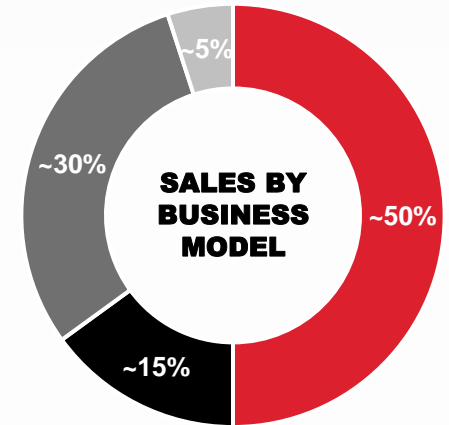


**13%**

2024 FCF Margin

**35%**

2024 Recurring Revenue



■ Aerospace Technologies    ■ Industrial Automation  
■ Building Automation    ■ Energy and Sustainability Solutions

■ Aerospace Technologies    ■ Industrial Automation  
■ Building Automation    ■ Energy and Sustainability Solutions

■ North America    ■ Asia Pacific  
■ Europe    ■ Latin America  
■ Middle East and Africa

■ Products    ■ Projects  
■ Aftermarket Services    ■ Software

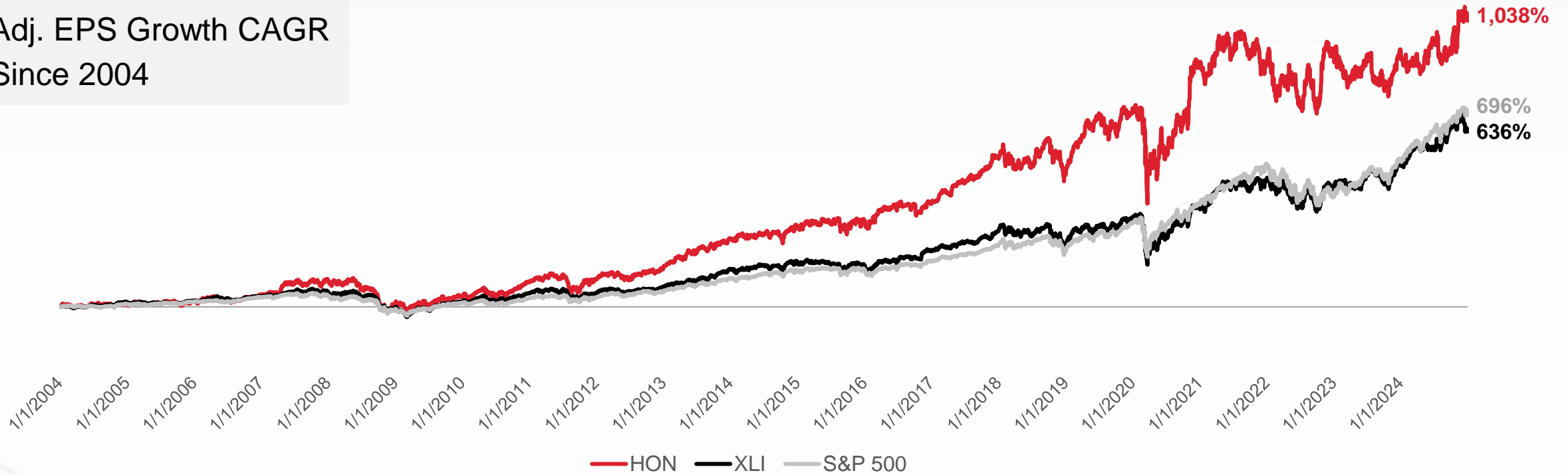
*Pie charts represent 2024 financials excluding corporate and all other.*

**End Markets Support a Robust Multi-Year Outlook**

# TOTAL SHAREHOLDER RETURN

**10%**

Adj. EPS Growth CAGR  
Since 2004



<sup>1</sup>Adjusted EPS guidance from initial guide each year. TSR Data as of 12/31/2024.

**Honeywell TSR has Significantly Outperformed Indices Over Past 20 Years**

An aerial photograph showing a winding road on the right side, bordered by a dense green forest. To the left of the road is a body of water. The overall scene is captured from a high angle, looking down.

# **HONEYWELL'S NEXT TRANSFORMATION CREATING THREE INDUSTRY-LEADING PUBLIC COMPANIES**

The Honeywell logo, consisting of the word "Honeywell" in a white, sans-serif font, positioned in the bottom left corner of the slide. The background behind the logo features a pattern of overlapping grey triangles.

**Honeywell**

# 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**

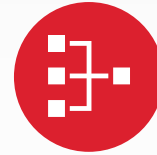
- Next logical step in Honeywell's portfolio transformation to unlock significant value for all stakeholders through more targeted structures
- Builds on foundation of strategic and operational actions taken to simplify Honeywell
- Enables greater strategic focus, operational independence, and financial 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

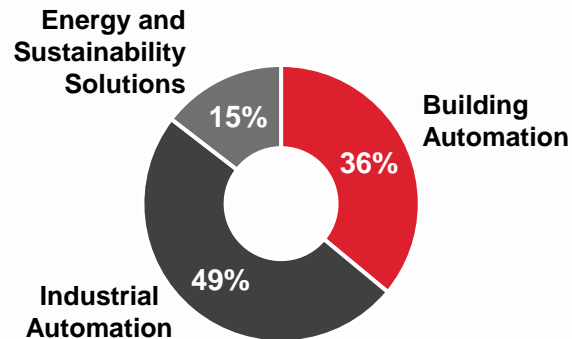
**>10M**  
Global installed base in buildings

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

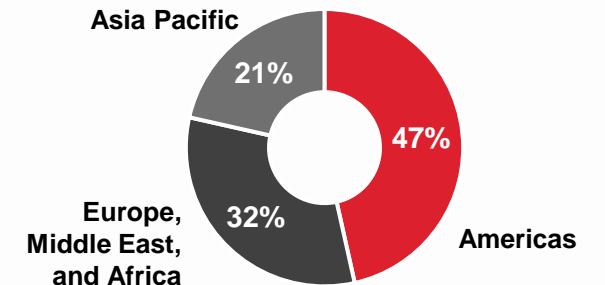
**11K+**  
Active channel partners

**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

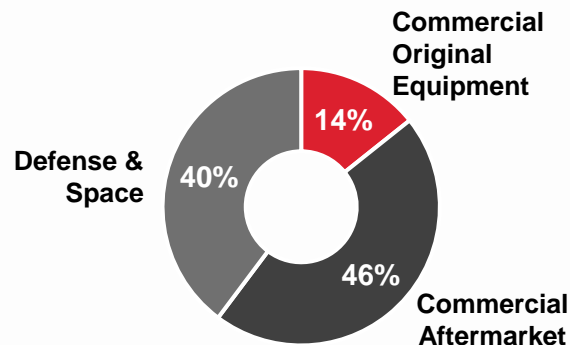
**~90%**  
of Global aircraft use  
HON avionics

**100K+**  
APUs delivered  
since 1959

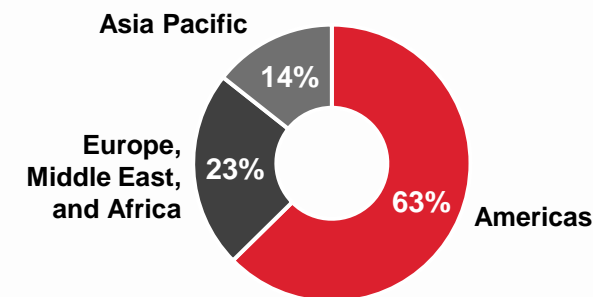
**72K**  
Engines delivered  
since 1959

**~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

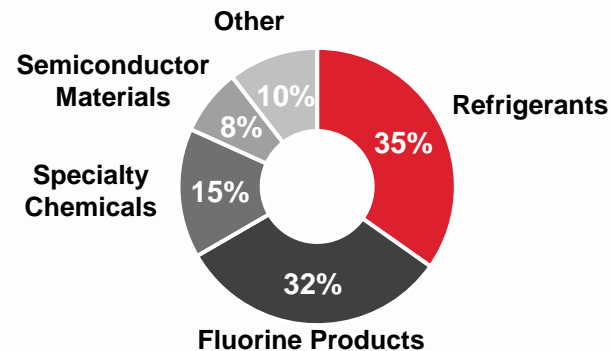
**>5K**  
Active patents and applications

**400+**  
Technologists and engineers

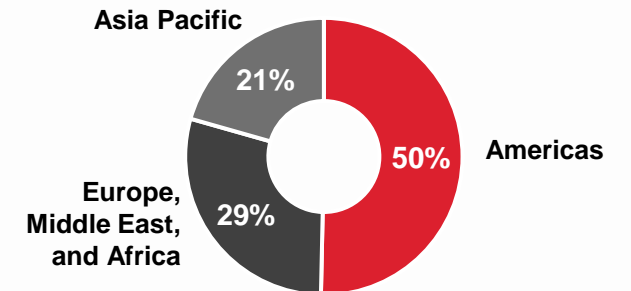
**\$1B**  
Spent on Solstice R&D and capacity

**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. We define EBITDA margin as EBITDA divided by sales.

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

# 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**



An aerial photograph of a lush green mangrove forest. A winding waterway, likely a canal or river, cuts through the dense vegetation. A small boat is visible in the upper left portion of the waterway. The overall scene is vibrant and natural.

# STRATEGIC PRIORITIES

**Honeywell**

# STRATEGIC PRIORITIES

1

## ACCELERATE ORGANIC GROWTH

- Innovation playbook
- High growth regions
- Monetize installed base and scale software

2

## EVOLVE ACCELERATOR OPERATING SYSTEM

- Integrated operating company
- Enhancing growth, margins, and cash generation
- Taking digital operations to the next level

3

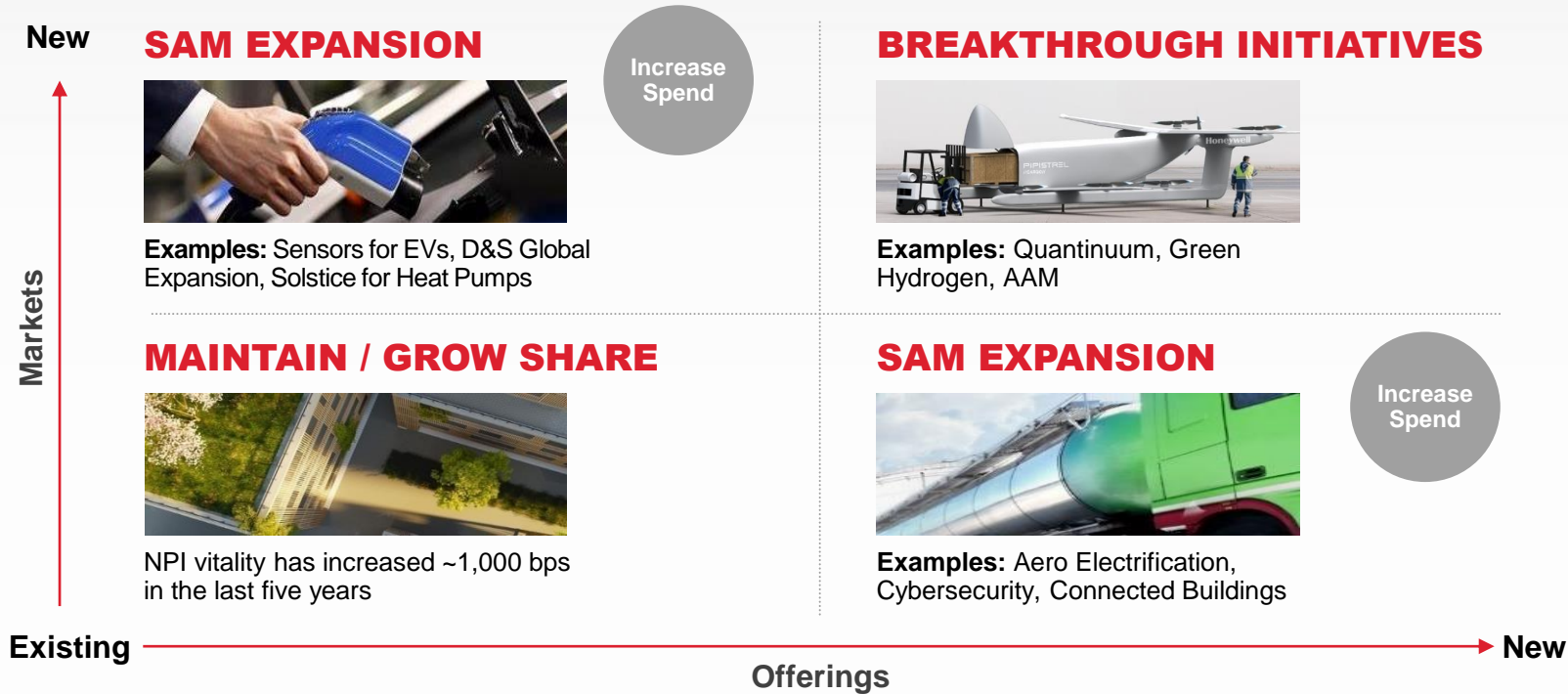
## OPTIMIZE PORTFOLIO

- Bolt-on acquisitions
- Divest non-core / simplify
- ↑ Recurring sales / gross margin

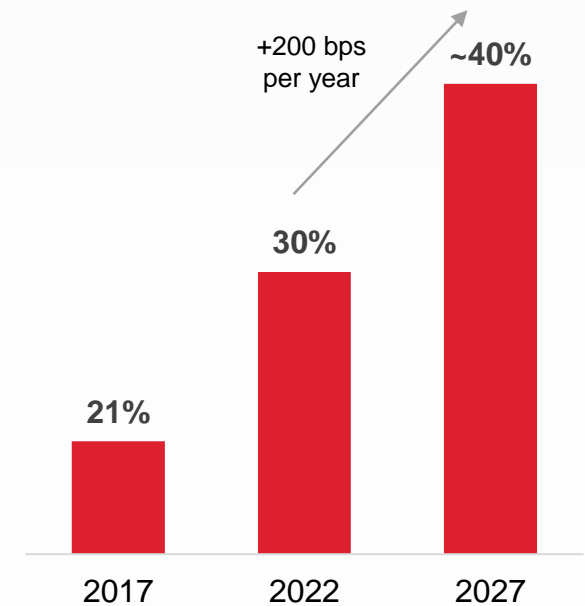
**FOCUSED ON DELIVERING PROFITABLE GROWTH AND STRONG CASH GENERATION**

**Strategy Focused on Accelerating Value Creation**

# ENHANCED INNOVATION PLAYBOOK



## NPI VITALITY



- Accelerating organic growth with high-return R&D investments at ~7%<sup>1</sup> of sales
- Greater allocation toward new products for existing markets / existing offerings for new customers
- Driving an average of 200 bps NPI vitality increase each year enabling growth

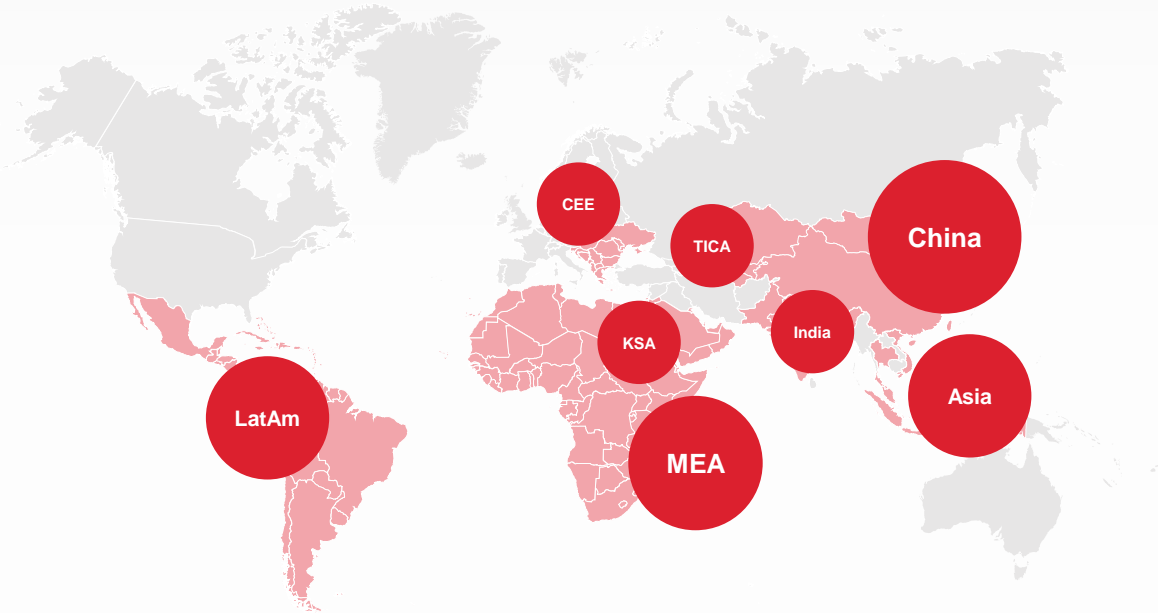
<sup>1</sup>Based on 2024, includes ~3% of customer-funded R&D spend. SAM: Serviceable Addressable Market. EV: Electric Vehicles. AAM: Advanced Aerial Mobility.

**SAM Expansion to Enable 2% Step Up to Organic Sales Growth**

# HIGH GROWTH REGIONS

GDP CAGR  
(2024 - 2030)

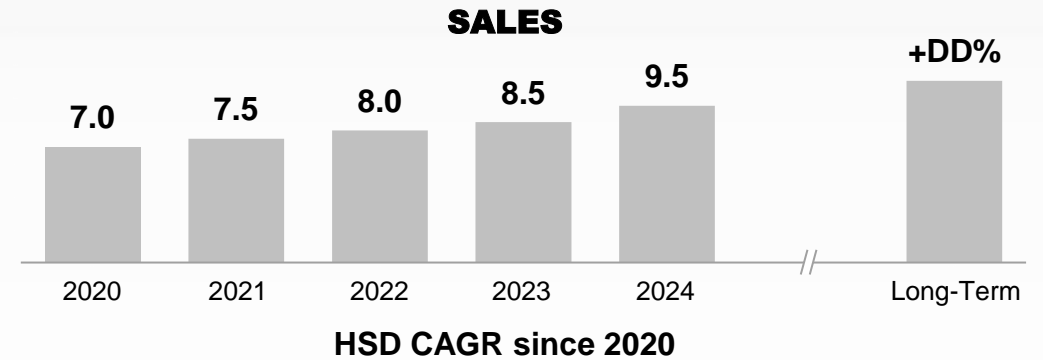
US	W. Europe	World	HGR <sup>1</sup>
1.8%	1.3%	2.7%	4.0%



**65%+** of global GDP growth from HGRs in the next 5 years  
HGR contribution to world GDP to reach **45%** by 2030

Source: IHS. <sup>1</sup>Bubble Size aligned to HON Rev in each region.

## THE JOURNEY



## A BRIGHT OUTLOOK AHEAD



### AUTOMATION:

Digitalizing manufacturing; infrastructure investments



### FUTURE OF AVIATION:

New airlines, fleet, and defense spend growth



### ENERGY TRANSITION:

Growing investments in energy transition

**HGR Megatrends Align Strongly With Honeywell Portfolio**

# SOFTWARE VALUE

## MONETIZING INSTALLED BASE

**~\$2B**

Software Sales in 2024



**10M**

Buildings



**150k+**

Warehouses



**15k+**

Process Plants



**50k+**

Aircraft



**6k+**

Pharma Locations

Enhancing installed base with new outcome-based connected digital services

## SOLVING CRITICAL PROBLEMS

Applications and solutions solving customers' toughest challenges

- Improved asset performance
- Enhanced labor productivity
- Increased cybersecurity
- Reduced carbon emissions

Built on Honeywell Forge IoT Platform with expanding AI capabilities

**100M+** of Connected Assets



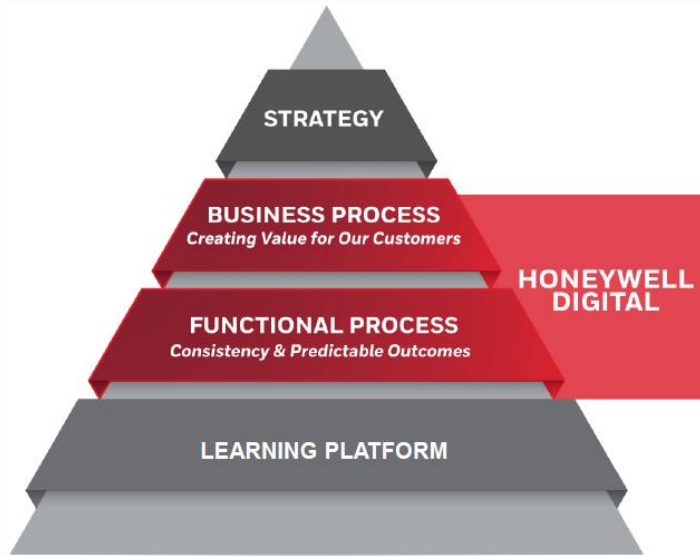
IoT: Internet of Things. AI: Artificial Intelligence. Represents Honeywell Connected Enterprise contribution to segment results. HCE provides software product and service offerings across our reportable business segments.

**Double-Digit Growth Enabled by Best-in-Class Forge Platform and Software Expertise**

# HONEYWELL ACCELERATOR

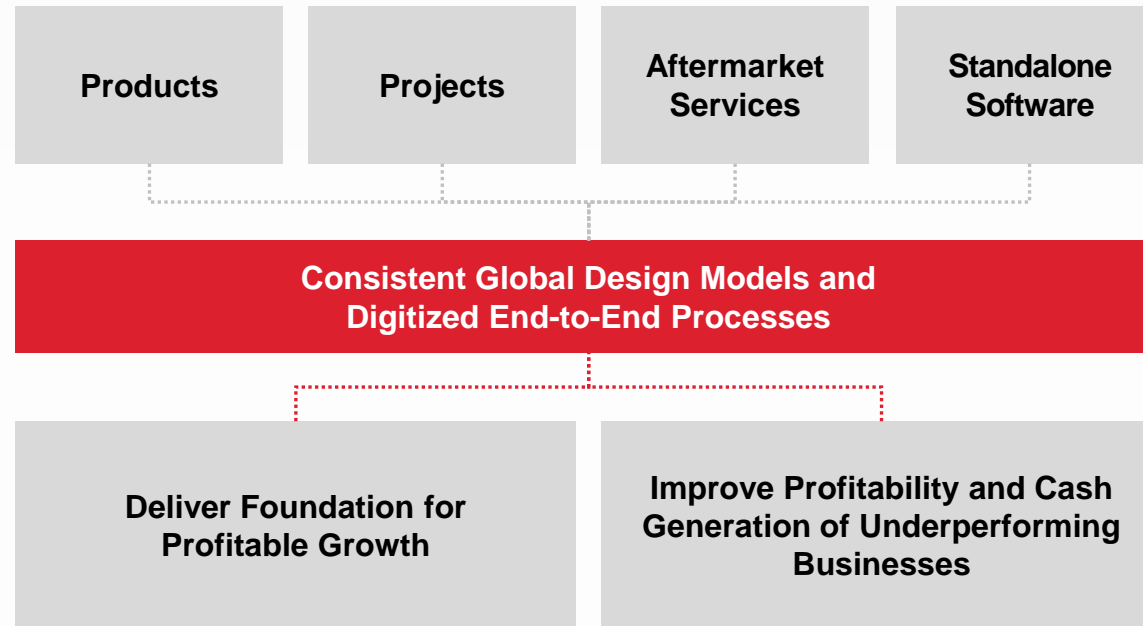
## WHAT IS ACCELERATOR?

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

Data represents 2024 sales.

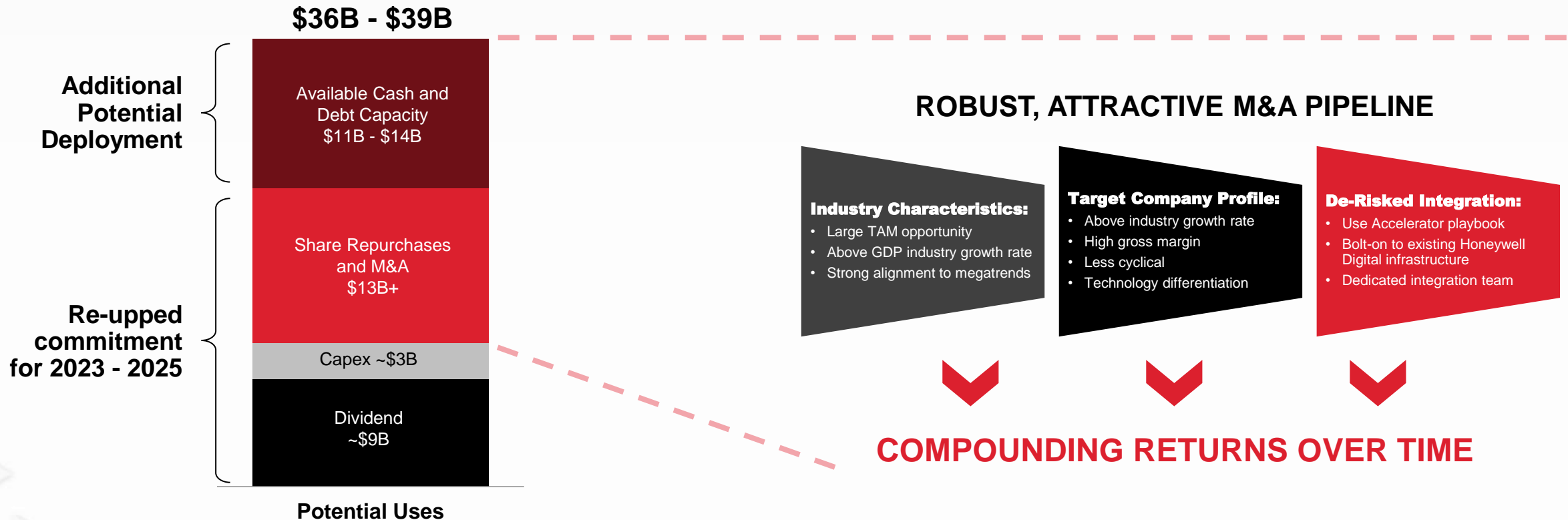
**Culture of Execution; Best-in-Class Operating System for Three Companies**

# CAPITAL DEPLOYMENT STRATEGY

## ROBUST CAPITAL DEPLOYMENT CAPACITY;

Re-upped \$25B+ Commitment For 2023 - 2025

## PRIORITIZING STRATEGIC, BOLT-ON M&A

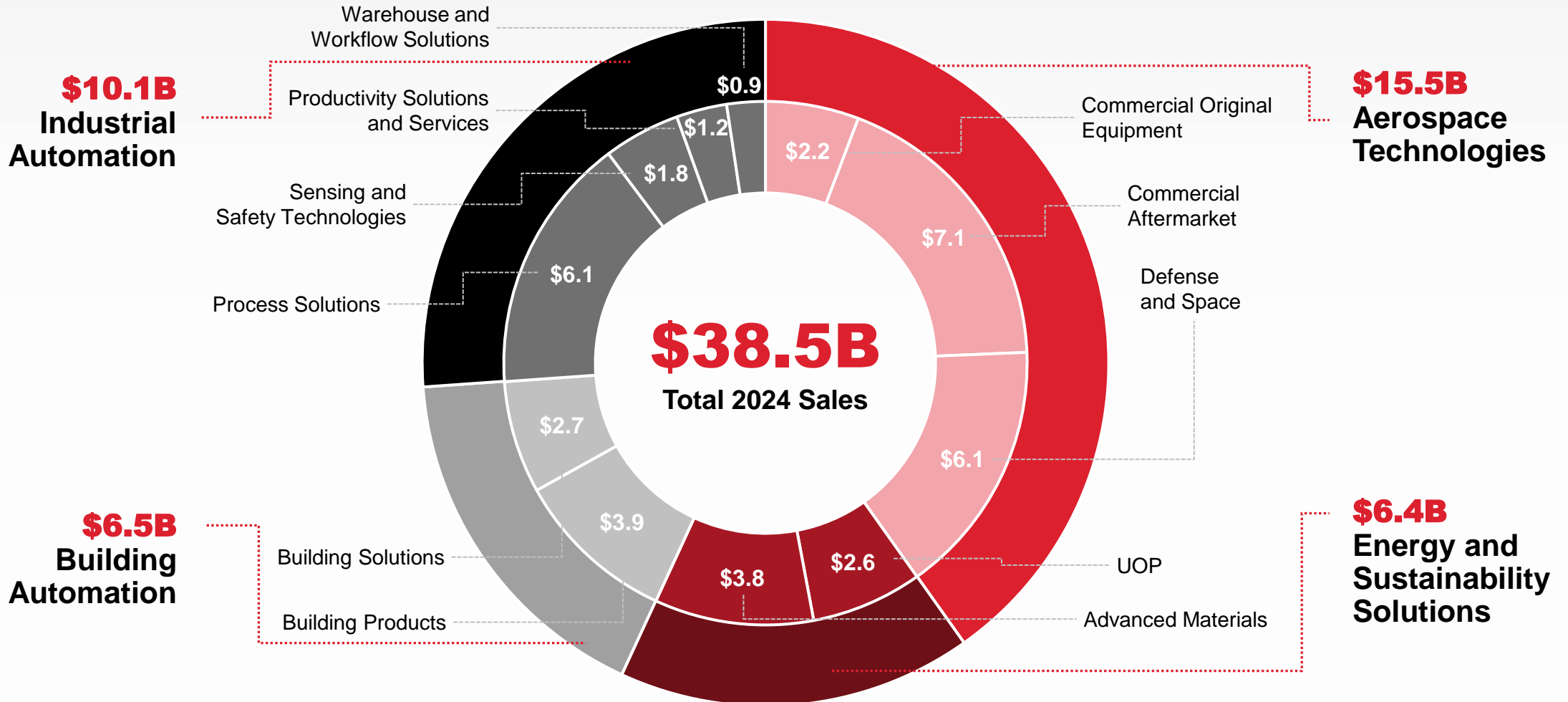


**Robust Capital Deployment Capacity; Prioritizing High-Value, Bolt-On M&A Deals**

# SEGMENT OVERVIEW



# HONEYWELL SEGMENTS AT A GLANCE



Represents 2024 sales. Numbers may not sum due to rounding

**Well-Diversified Portfolio Positioned for Accelerated Growth**

# AEROSPACE TECHNOLOGIES (AT)

## 2024 FINANCIAL OVERVIEW

**\$15.5B**

Sales

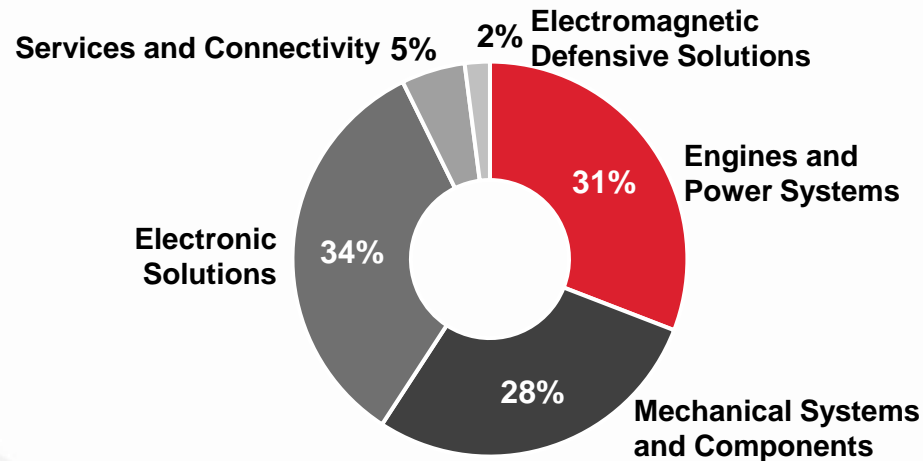
**25.8%**

Segment Margin

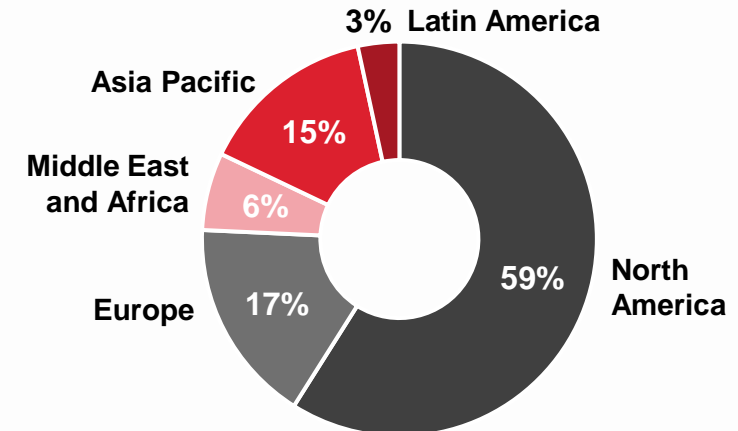
## GROWTH DRIVERS

- Multi-year commercial original equipment upcycle, global defense investment upcycle, strong aftermarket installed base
- \$1.4B decoupled revenue growing >10%
- Leading position in new trends: Advanced Air Mobility (UAVs), Electrification, Thermal / Power Management, and Precision Navigation

## BUSINESS MIX



## GEOGRAPHIC MIX



Represents 2024 sales.





**Well Positioned to Lead the Future of Aviation**

# AT | WHY WE WIN

## AEROSPACE TECHNOLOGIES MISSION STATEMENT

Powering the Future of Aviation with our safe, precise, sustainable, and innovative aerospace portfolio spanning takeoff to landing for defense, space, commercial, and advanced aerial mobility (AAM) applications

### STRATEGIC FOCUS

Product Areas	 <p><b>Avionics and Navigation</b></p>	 <p><b>Engines and Power Generation</b></p>	 <p><b>Electromechanical Actuation and Thermal Solutions</b></p>	 <p><b>Connectivity and Data Analytics Services</b></p>
Value Created	<p>Innovative technologies to enhance pilot situational awareness enabling safe, reliable, and efficient flights with lower power / weight / cost solutions</p>	<p>SAF-capable turbine engines along with advanced technologies enabling electric and hybrid electric propulsion and fuel cell powering capabilities</p>	<p>Safe and reliable cabin environments and effective management of engines, braking, and thermal and power load for commercial aircraft, fighter jets, and AAM</p>	<p>Enabling aircraft and passengers to stay connected and operators to achieve savings through data analytics and database services</p>

### COMPETITIVE ADVANTAGES

Advanced technologies



Differentiated products



Broad exposure across verticals



Large installed base



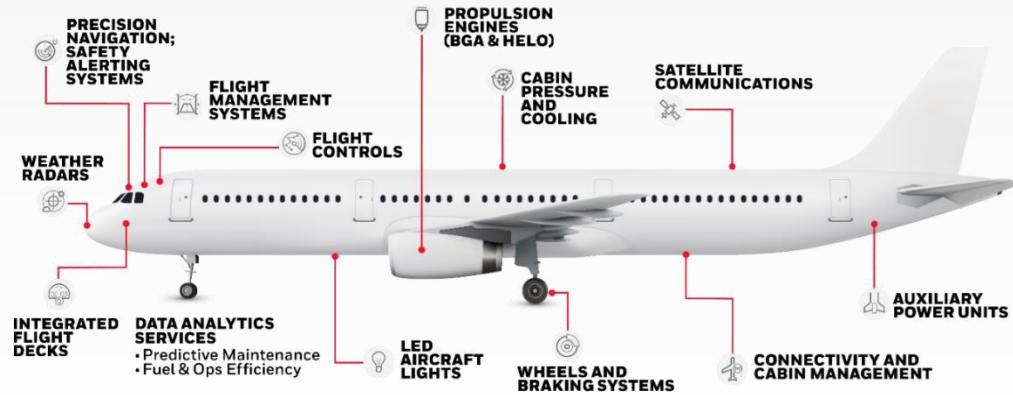
Best-in-class operating system



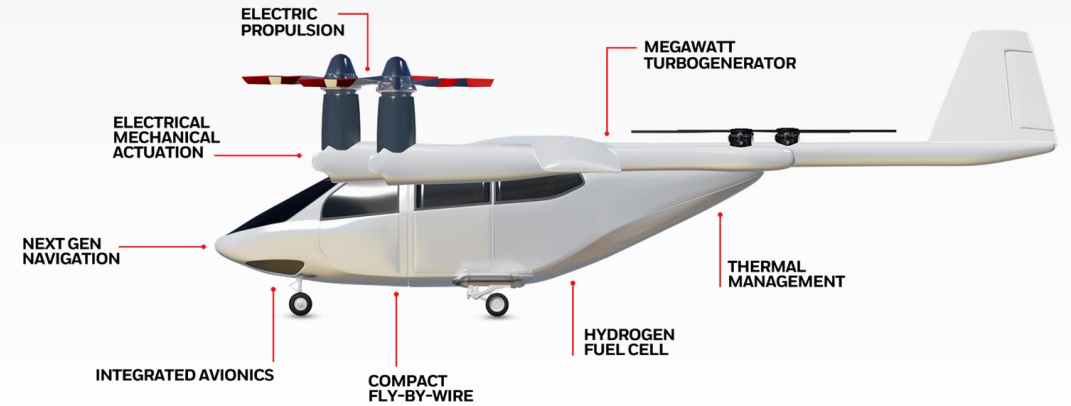
## Powering the Future of Aviation

# AT | PRODUCTS AND OFFERINGS

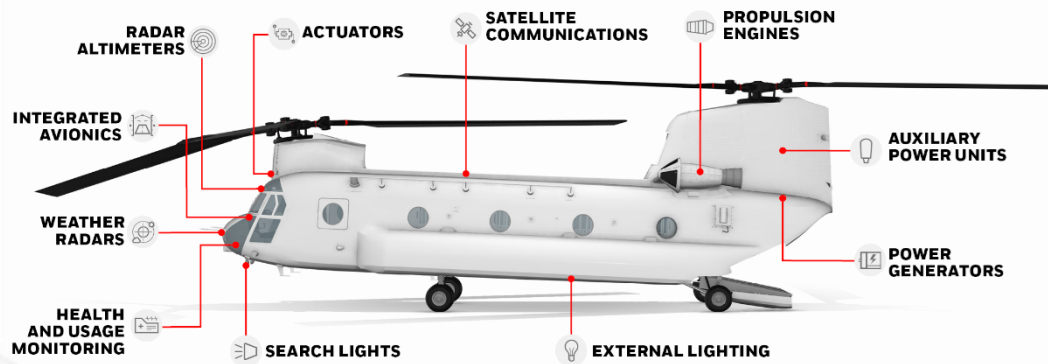
## COMMERCIAL



## ADVANCED AERIAL MOBILITY



## DEFENSE AND SPACE



## NEXT GENERATION PRODUCTS



Cockpit breakthroughs  
In cost / safety / weight



Power and thermal management  
system upgrades (e.g. F-35) and  
micro vapor cooling systems



Next gen business jet  
and defense propulsion



Low-cost, high-performance  
navigation



High-efficiency auxiliary  
power units



Integrated attitude control  
systems (Space)

Differentiated Capabilities Across Numerous Verticals and Aircraft Types

# INDUSTRIAL AUTOMATION (IA)

## 2024 FINANCIAL OVERVIEW

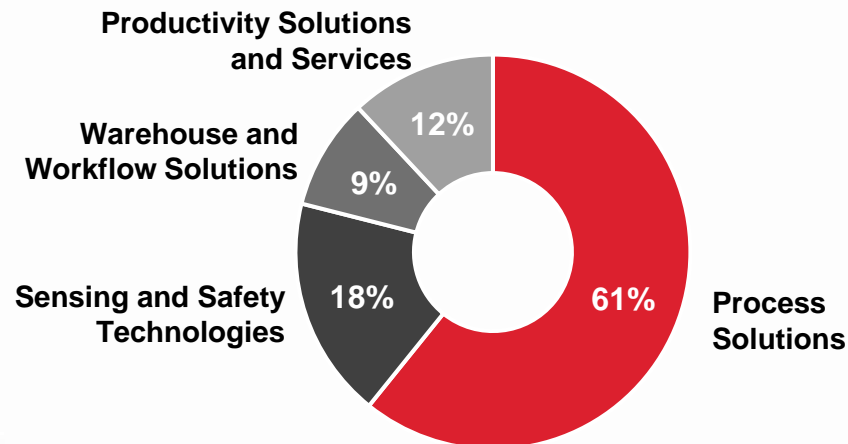
**\$10.1B**  
Sales

**19.5%**  
Segment Margin

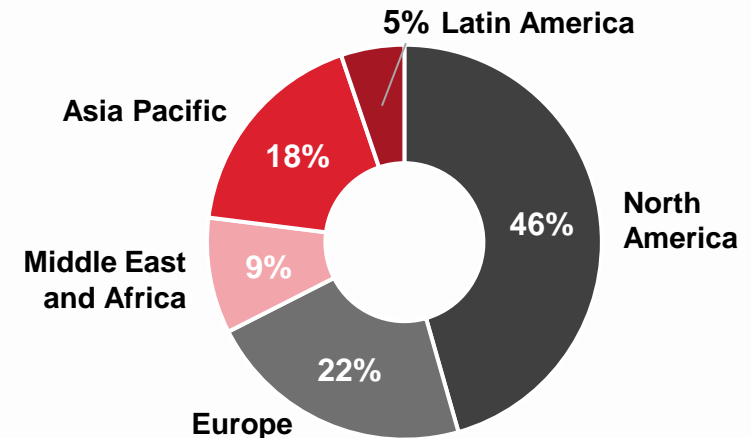
## GROWTH DRIVERS

- Labor / skills shortage; IA driving a path to autonomy
- Capacity / infrastructure buildout
- Supply chain resiliency investment cycle
- Internet of Things (IoT) driving demand for sensors
- Energy transition driving further automation opportunities

## BUSINESS MIX



## GEOGRAPHIC MIX



Represents 2024 sales.

**Controls and Automation are the Foundation of Honeywell**

# IA | WHY WE WIN

## IA PURPOSE

Enhancing **Productivity, Sustainability,** and **Safety** for industrial customers

## IA COMPETITIVE ADVANTAGES



Most **versatile automation portfolio** serving broad end markets



Leading position in **high stakes verticals** with a number of **horizontal technology offerings**



**Software leadership** with leading IoT architecture enabling autonomy



Program management capabilities to **deliver complex solutions**

Solution

### SENSING AND MEASUREMENT



Value Created

Driving assets to be more productive, safe, and sustainable

### WORKFORCE PRODUCTIVITY



Enabling workers and enterprises through solutions to enhance workforce productivity

Solution

### EFFICIENT AND SAFE OPERATIONS



Value Created

Optimizing processes, augmenting human performance, and enabling autonomous operations

### DIGITALIZATION



Leveraging operational data to deliver insights and enhance business results in a cyber-secure manner

**Uniquely Able to Deliver Compelling Value with Unmatched Scale and Capabilities**

# IA | PRODUCTS AND OFFERINGS

## ENERGY STORAGE

- Honeywell IONIC™ (Battery Energy Storage Systems)
- Distributed Energy Resource Management Systems

## UTILITIES

- Smart Meters (Water, Electricity and Gas)
- Controls and Valves

## GIGAFACTORY

- Quality Control Systems
- Measurement and Controls

## ELECTRIC VEHICLES

- Sensors

## RENEWABLE ENERGY SOLUTIONS

- Automation solutions for Green H<sup>2</sup> generation, transportation and storage
- Compressor controls for Carbon Capture

## DIGITALIZATION

- Remote and Integrated Operating Centers
- Asset Performance Management
- Industrial Cybersecurity
- Experion™ PKS Control IO and Network HIVE
- Process Digital Twin

## PHARMACEUTICAL INDUSTRY

- Manufacturing Execution System
- Quality Management Systems
- Batch Automation

## SEMICONDUCTOR AND MANUFACTURING

- Gas Detectors
- Sensing and Measurement
- Productivity Solutions

## PIPELINES TERMINAL AND LNG

- Terminal and Inventory Management
- Custody Transfer Solutions

## INDUSTRIAL PLANTS – STEEL, AUTOMOTIVE, ETC.

- Burner Management Systems
- Combustion Solutions
- Burners, Fuel and Air Delivery

## REFINERY AND PETROCHEMICALS

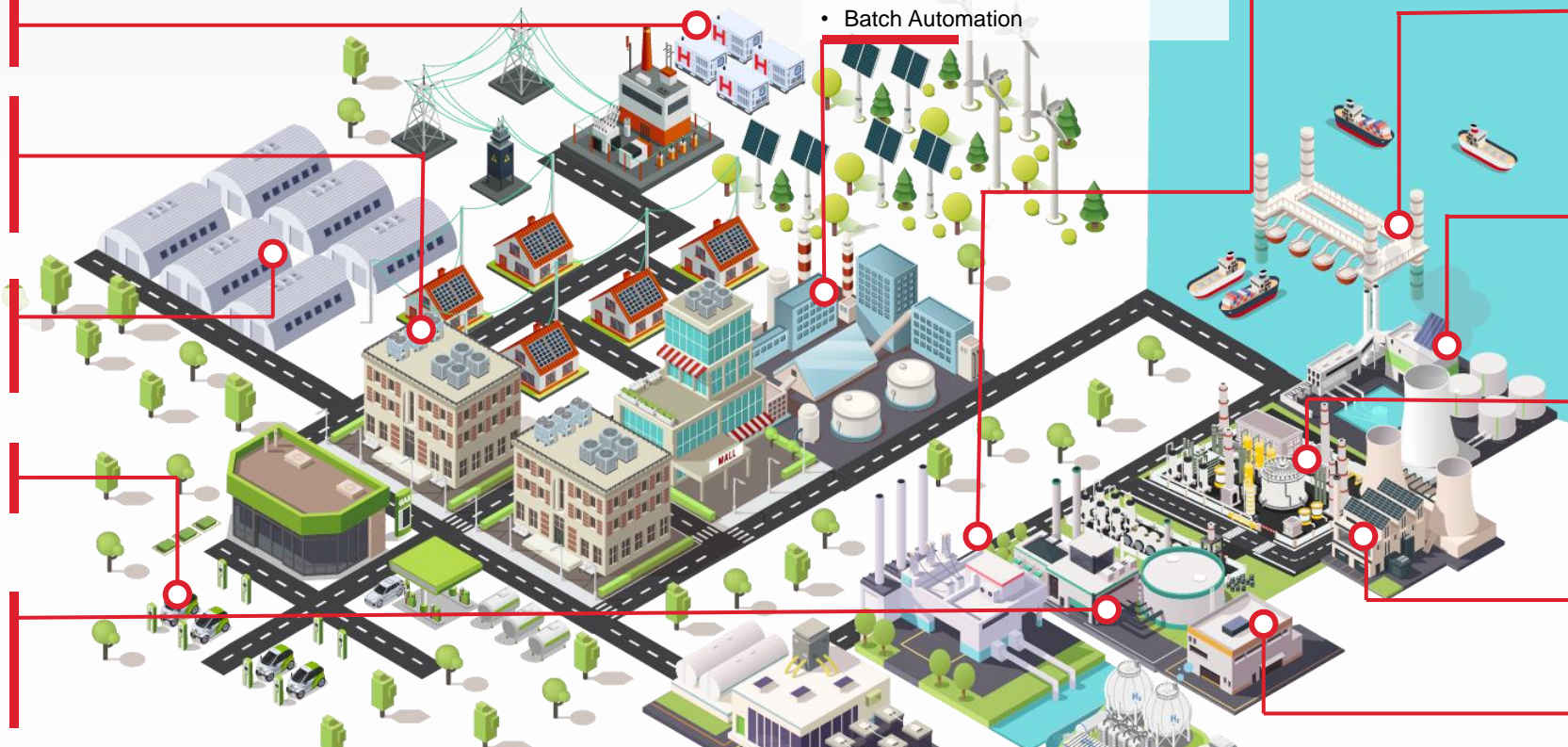
- Distributed Control Systems
- Process Safety Systems
- Fire and Gas Systems
- Advanced Process Control
- Emissions Monitoring and Control
- Field Instrumentation

## WORKFORCE PRODUCTIVITY

- Mobile Computing; Intelligent Worker
- Immersive Field Simulator with AR / VR
- Personnel Protection Equipment

## WAREHOUSE

- Automated Storage and Retrieval
- Advanced Sorting systems
- Conveyor Systems



HIVE: Highly Integrated Virtual Environment. AR / VR: Augmented Reality / Virtual Reality.

**Robust Portfolio of Offerings Enabling Intelligent Autonomous Operations**

# BUILDING AUTOMATION (BA)

## 2024 FINANCIAL OVERVIEW

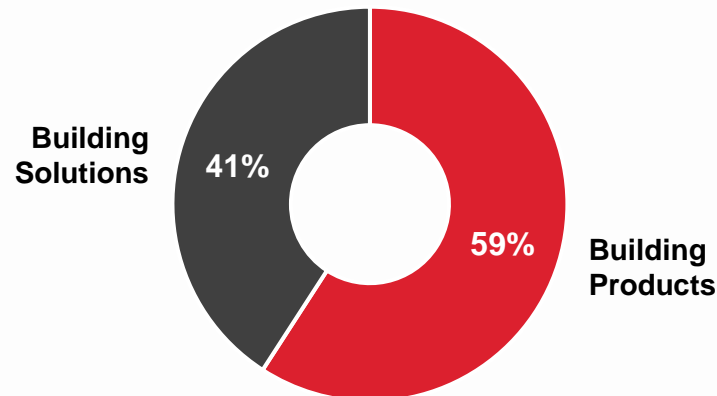
**\$6.5B**  
Sales

**25.7%**  
Segment Margin

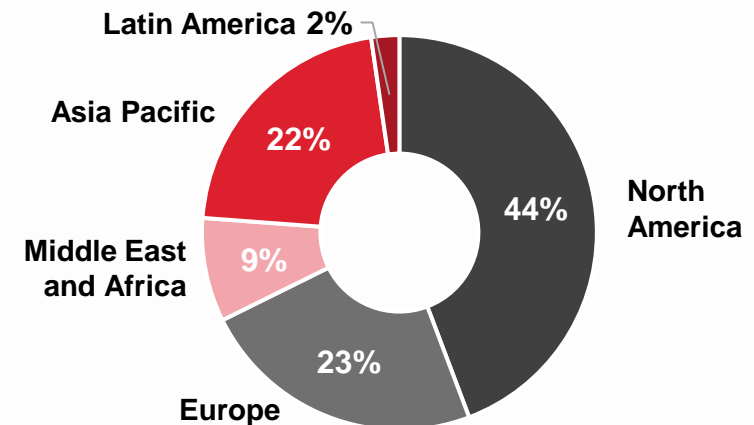
## GROWTH DRIVERS

- Global footprint and leading position across verticals
- Increased focus on energy efficiency and sustainability
- Well-integrated software franchise

## BUSINESS MIX



## GEOGRAPHIC MIX



**Growth Supported by Macroeconomic Tailwinds**



# BA | WHY WE WIN

CREATING BUILDINGS OF THE FUTURE THROUGH AUTOMATION, DIGITALIZATION, AND RELENTLESS INNOVATION



## COMPETITIVE ADVANTAGES

- ✓ Differentiated portfolio with upside from digitalization
- ✓ Forge IoT platform, equipment agnostic
- ✓ Broad geographic exposure
- ✓ Large install base, including Tridium connectivity
- ✓ Multi-channel, multi-brand approach

Driving Meaningful Outcomes with Domain Expertise and Innovation

# BA | PRODUCTS AND OFFERINGS

CONTROLS EXPERTISE TO SOLVE VERTICAL-SPECIFIC PROBLEMS

**Leading Position in Building Controls and Gateways**

**Tridium Open Connectivity Platform**

**Multi Domain Optimization**

**Forge Proprietary Software Algorithms**

**Ecosystem & Channel Innovation**

## EDUCATION

Energy Management  
Visitor and Contractor Management  
Gunshot Detection

## AIRPORTS

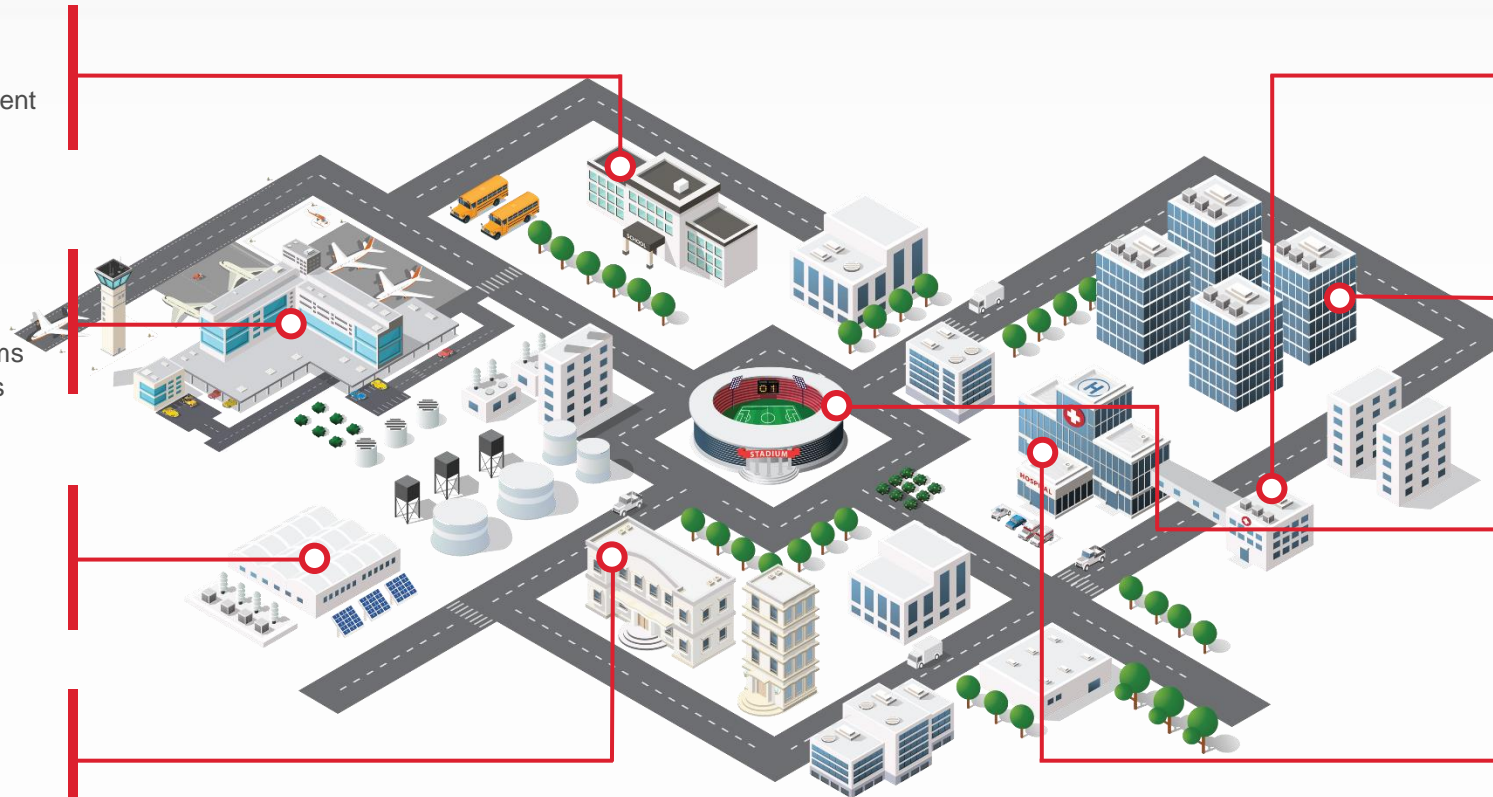
NAVITAS Software Suite  
Visual Guidance Docking Systems  
Airfield Ground Lighting Systems

## DATACENTERS

Advanced Fire Detection  
Integrated Security  
Operational Technology  
Cybersecurity

## HOSPITALITY

Guestroom Management  
Access Management  
Predictive Maintenance  
Remote Building Management



## HEALTHCARE

Connected Life Safety Services  
Nurse Call  
Real-Time Location Services

## COMMERCIAL REAL ESTATE

Indoor Air Quality Controls  
Frictionless Access  
Remote Building Management

## STADIUMS

Integrated Systems  
Digital Video Management  
Public address and voice alarm

## PHARMACEUTICALS

Access Control Solutions  
Advanced Indoor Air Quality  
Precision Pressure Control

**Delivering Safety, Sustainability, and Efficiency Through Differentiated Technology**

# ENERGY AND SUSTAINABILITY SOLUTIONS (ESS)

## 2024 FINANCIAL OVERVIEW

**\$6.4B**

Sales

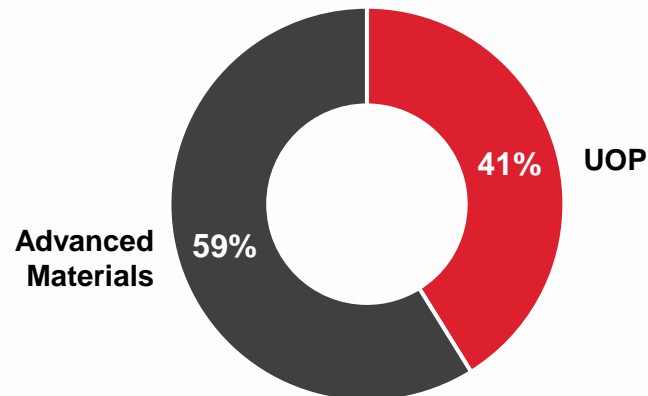
**23.7%**

Segment Margin

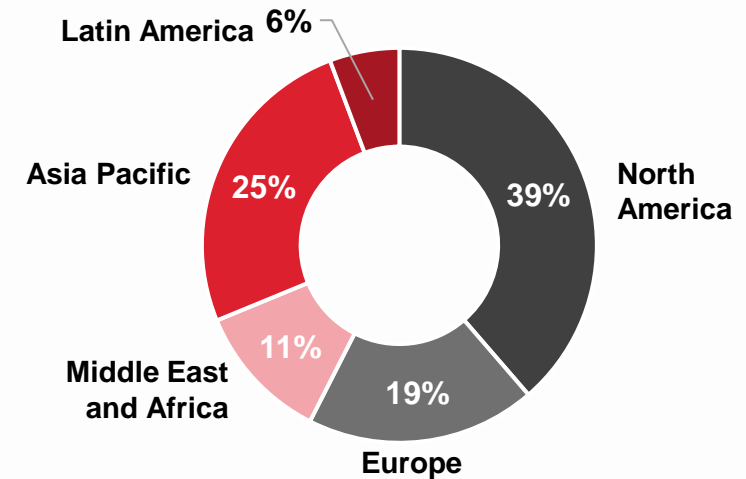
## GROWTH DRIVERS

- Energy transition is creating attractive market expansion opportunities while still maintaining demand for traditional energy and materials solutions
- Increasing global regulation is driving higher demand of ESS proprietary sustainable solutions
- Digitalization capabilities and a broad network of connected plants enables a scalable value proposition for customers

## BUSINESS MIX



## GEOGRAPHIC MIX



**Investing in Technologies and Capabilities to Drive Above Market Growth**

# ESS | WHY WE WIN

Delivering leading solutions for energy transition, greenhouse gas reduction, and conversion to sustainable materials

## STRATEGIC FOCUS



### Sustainability and Decarbonization

Enabling the transition to cleaner energy



### Energy Optimization Technologies

Improving efficiency of energy processes to enhance asset performance



### Advanced Industrial Solutions

Driving industrial material performance through innovative chemistry

## STRATEGIC GROWTH ENABLERS



Clean energy and sustainable solutions



Innovation in our large install base



Focus on the energy transition



Digitalization enabling software and services revenue



Stable core legacy technologies



Novel materials designed to solve customer problems

## COMPETITIVE ADVANTAGES



**2,500+**

Technologists and Engineers



**10,000+**

Active Patents and Applications



**70%**

CO<sub>2</sub> Addressed by ESS Technology



**100+ years**

Chemistry and Technology Innovation

Delivering the World's Future Energy and Sustainability Outcomes

# ESS | PRODUCTS AND OFFERINGS

## AUTOMOTIVE / ELECTRIC VEHICLES

- Low GWP Refrigerants
- Battery Materials

## SUPERMARKET

- Solstice® Refrigerants

## RESIDENTIAL AND COMMERCIAL BUILDINGS

- Low GWP Refrigerants for Comfort Cooling and Heating
- Heat Pumps- District Heating

## AIRPLANE

- Sustainable Aviation Fuel from Bio-Feedstocks

## SEMICONDUCTOR MANUFACTURING

- Thermal Solutions
- Electronic Polymers
- Sputtering Targets
- Electronic Chemicals

## PHARMACY / HEALTHCARE

- Aclar® Packaging
- Propellants for MDIs
- Medical Fiber

## BATTERY ENERGY STORAGE

- Long Duration Energy Storage

## GREEN H<sub>2</sub> ELECTROLYZER

- Green Hydrogen

## ENERGY TRANSPORT SHIPS

- Liquid Organic Hydrogen Carrier

## LIQUEFIED NATURAL GAS PRODUCTION AND EXPORT FACILITY

- LNG Pre-Treatment
- LNG Liquefaction
- Integrated Digital Solutions

## INDUSTRIAL PLANTS – CEMENT, STEEL, AND POWER

- Carbon Capture

## BIO REFINERY AND PETROCHEMICAL PLANT

- Process Technologies
- Carbon Capture Solutions
- Hydrogen Solutions
- Catalysts and Adsorbents
- Plastic Recycling Technology

## TRUCKING

- Renewable Diesel

## CONNECTED DIGITAL SOLUTIONS

- Real Time Insights for Energy and Operational Efficiency

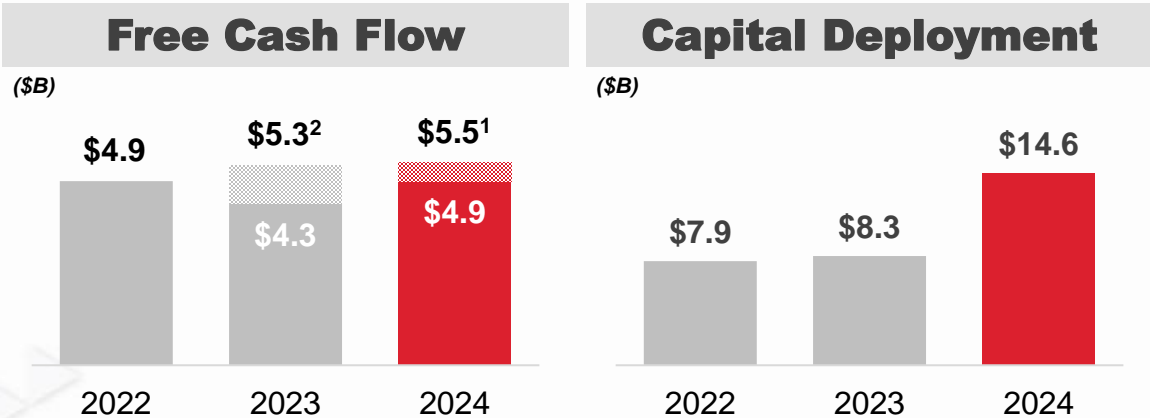
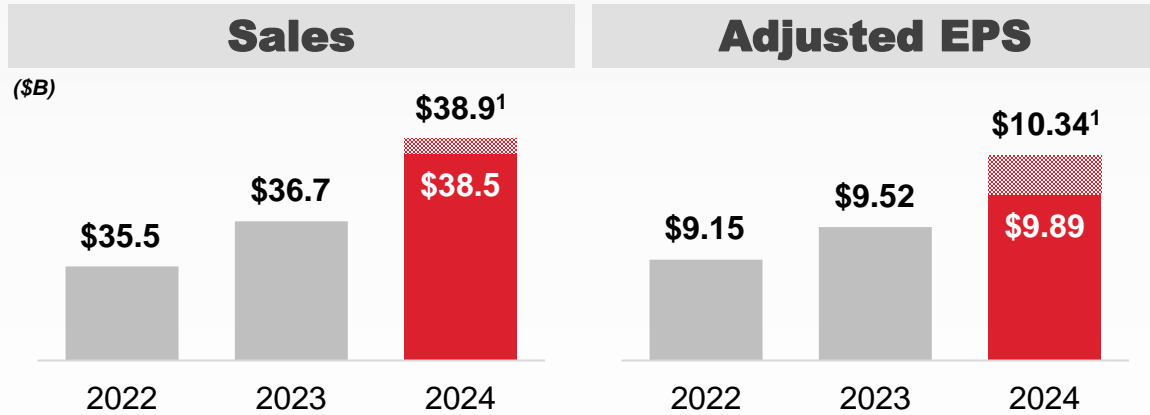
Enabling the Energy Transition Through Technology Breadth and Expertise

# FINANCIAL PERFORMANCE

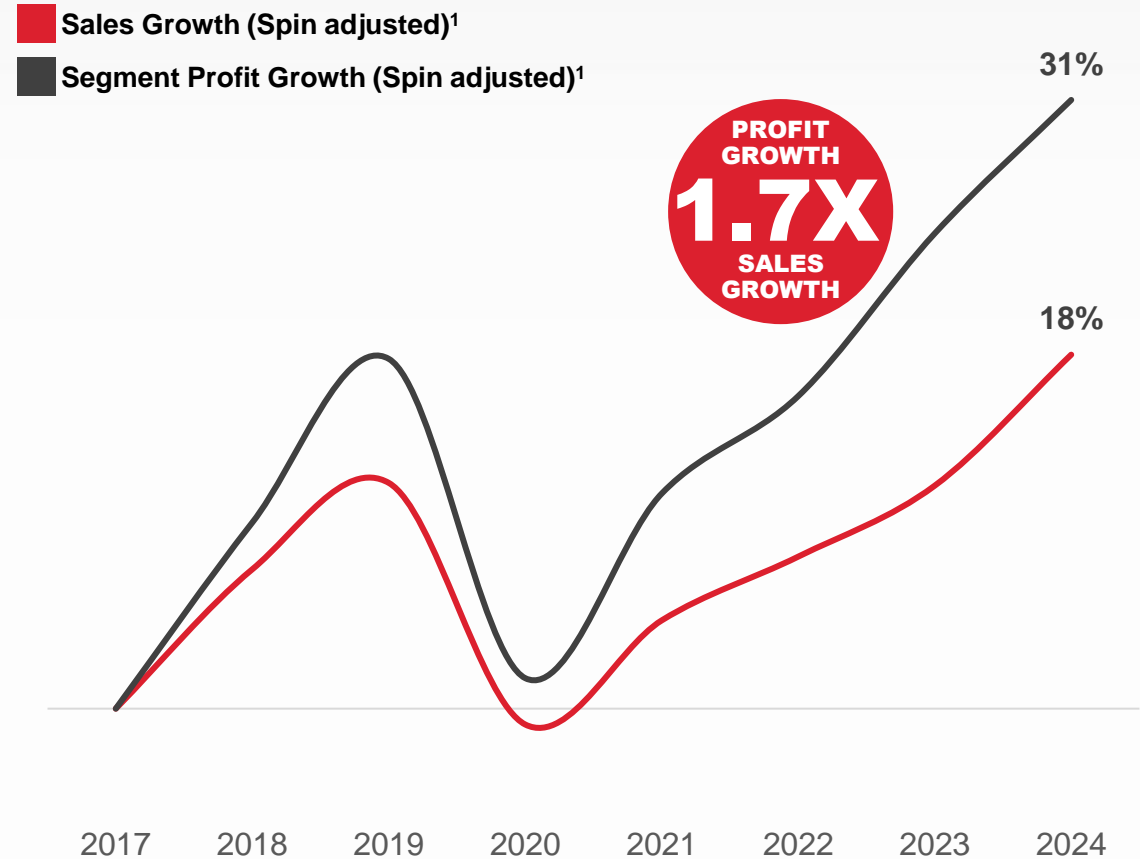


# STRONG FINANCIAL PERFORMANCE

## RECENT FINANCIAL PERFORMANCE



## CUMULATIVE GROWTH SINCE 2017

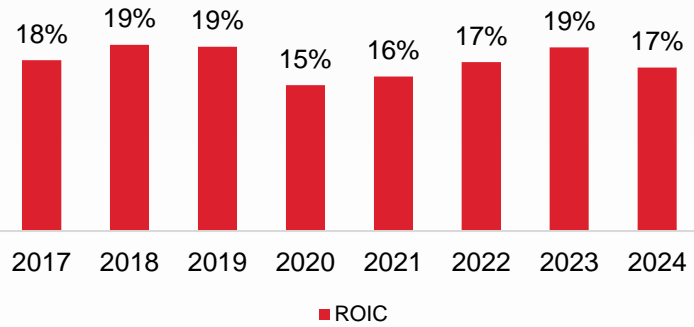


1. 2024 financial results exclude impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.  
 2. Please refer to the Appendix for reconciliation of non-GAAP financial measure adjusted for the impact of settlements related to the NARCO Buyout, HWI sale, and UOP Matters.

## Improving Sales Growth and Margin Profile

# TRUSTED CAPITAL STEWARDS

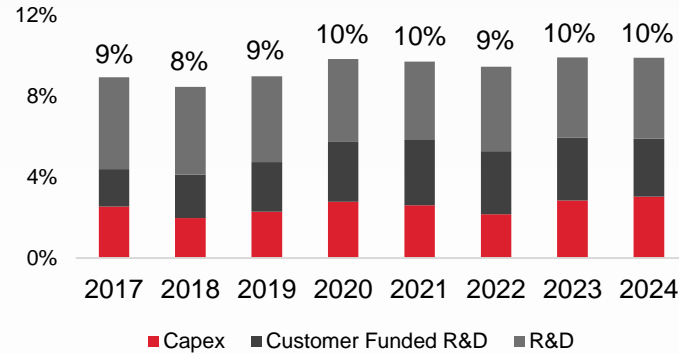
## RETURN ON INVESTED CAPITAL



- Deliberate strategy yielding consistently high returns
- Disciplined capital allocation toward inorganic opportunities

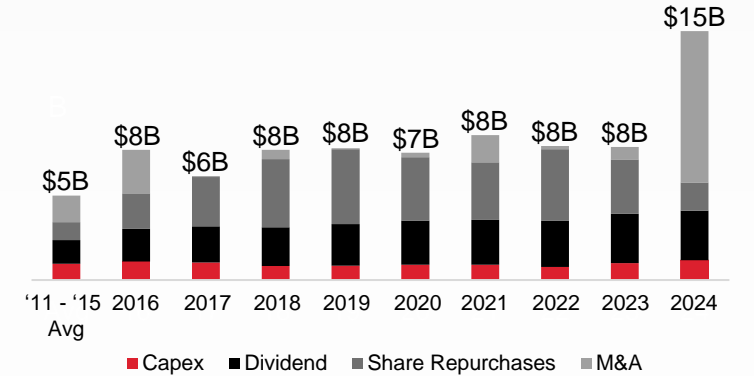
## R&D AND CAPEX SPEND

Percentage of sales



- Strategically deploying capital to R&D / capex that will position for future growth
- Investments in innovation yielding consistently high returns

## CAPITAL DEPLOYMENT



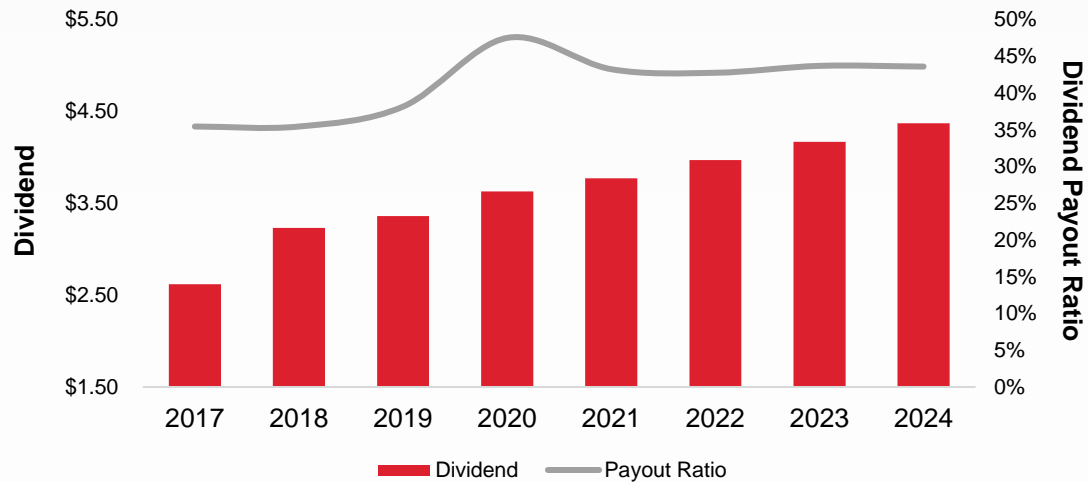
- On track to materially surpass commitment to deploy \$25B+ of capital through 2025

**Industry-Leading Investment Profile with Accelerating Capital Deployment**



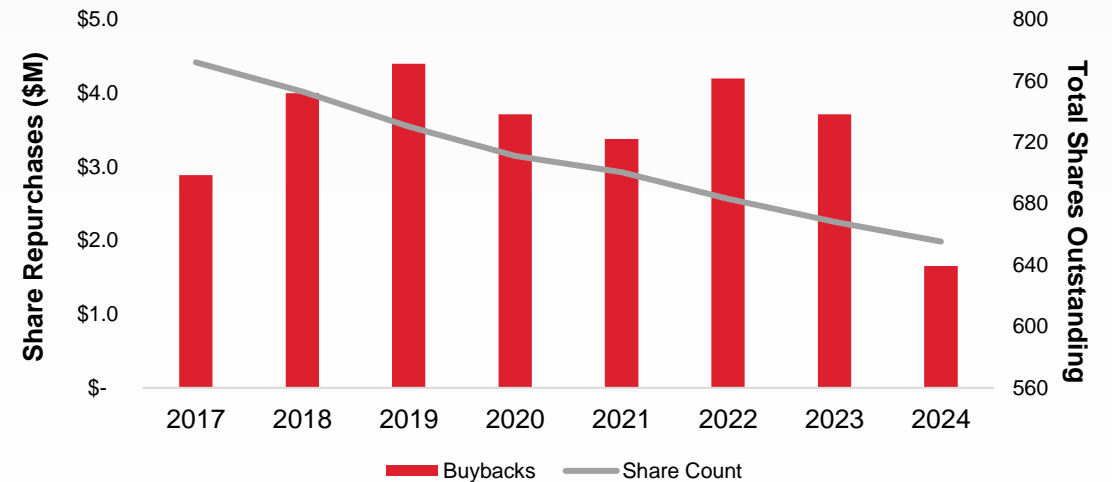
# RETURNING CASH TO SHAREHOLDERS

## DIVIDEND AND DIVIDEND PAYOUT RATIO



- Raised dividend 15 times over 14 consecutive years
- Dividend growth aligned with earnings growth

## SHARE REPURCHASES AND SHARE COUNT



- Committed to reducing share count by at least 1% per year
- Opportunistically repurchase shares
- Share count reduced by 15% or 2.3% CAGR since 2017

**Driving Value for Shareholders**



# Appendix

# 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. Management believes the change to adjust for amortization of acquisition-related intangibles and certain acquisition- and divestiture-related costs provides investors with a more meaningful measure of its performance period to period, aligns the measure to how management will evaluate performance internally, and makes it easier for investors to compare our performance to peers. 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.

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

(\$M)	2024
Operating income	\$ 7,441
Stock compensation expense <sup>1</sup>	194
Repositioning, Other <sup>2,3</sup>	292
Pension and other postretirement service costs <sup>3</sup>	65
Amortization of acquisition-related intangibles <sup>4</sup>	415
Acquisition-related costs <sup>5</sup>	25
Indefinite-lived intangible asset impairment <sup>1</sup>	48
Impairment of assets held for sale	219
<b>Segment profit</b>	<b>\$ 8,699</b>
Operating income	\$ 7,441
÷ Net sales	\$ 38,498
<b>Operating income margin %</b>	<b>19 %</b>
Segment profit	\$ 8,699
÷ Net sales	\$ 38,498
<b>Segment profit margin %</b>	<b>23 %</b>

1 Included in Selling, general and administrative expenses.

2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.

3 Included in Cost of products and services sold and Selling, general and administrative expenses.

4 Included in Cost of products and services sold.

5 Included in Other (income) expense. Includes acquisition-related fair value adjustments to inventory and third-party transaction and integration costs.

We define operating income as net sales less total cost of products and services sold, research and development expenses, impairment of assets held for sale, 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, amortization of acquisition-related intangibles, certain acquisition- and divestiture-related costs and impairments, 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.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF EPS TO ADJUSTED EPS

	2022	2023	2024
Earnings per share of common stock - diluted <sup>1</sup>	\$ 7.27	\$ 8.47	\$ 8.71
Pension mark-to-market expense <sup>2</sup>	0.64	0.19	0.14
Amortization of acquisition-related intangibles <sup>3</sup>	0.39	0.35	0.49
Acquisition-related costs <sup>4</sup>	—	0.01	0.09
Divestiture-related costs <sup>5</sup>	—	—	0.04
Expense (benefit) related to UOP Matters <sup>6</sup>	0.07	—	—
Russian-related charges <sup>7</sup>	0.43	—	0.03
Gain on sale of Russian entities <sup>8</sup>	(0.03)	—	—
Net expense related to the NARCO Buyout and HWI Sale <sup>9</sup>	0.38	0.01	—
Adjustment to estimated future Bendix liability <sup>10</sup>	—	0.49	—
Indefinite-lived intangible asset impairment <sup>11</sup>	—	—	0.06
Impairment of assets held for sale <sup>12</sup>	—	—	0.33
<b>Adjusted earnings per share of common stock - diluted</b>	<b>\$ 9.15</b>	<b>\$ 9.52</b>	<b>\$ 9.89</b>

1 For the twelve months ended December 31, 2024, 2023, and 2022, adjusted earnings per share utilizes weighted average shares of approximately 655.3 million, 668.2 million, and 683.1 million, respectively.

2 Pension mark-to-market expense uses a blended tax rate of 25%, 18%, and 16%, net of tax benefit of \$31 million, \$27 million, and \$83 million, for 2024, 2023, and 2022, respectively.

3 For the twelve months ended December 31, 2024, 2023, and 2022, acquisition-related intangibles amortization includes \$324 million, \$231 million, and \$264 million, net of tax benefit of approximately \$91 million, \$61 million, and \$69 million, respectively.

4 For the twelve months ended December 31, 2024, and 2023, the adjustments for acquisition-related costs, which are principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, were approximately \$59 million and \$7 million, net of tax benefit of approximately \$16 million and \$2 million, respectively.

5 For the twelve months ended December 31, 2024, the adjustment for divestiture-related costs, which is principally comprised of third-party transaction costs, was approximately \$23 million, net of tax benefit of approximately \$6 million.

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

7 For the twelve months ended December 31, 2024, the adjustment was a \$17 million expense, without tax benefit, due to the settlement of a contractual dispute with a Russian entity associated with the Company's suspension and wind down activities in Russia. For the twelve months ended December 31, 2023, the adjustment was a benefit of \$3 million, without tax expense. 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.

8 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.

9 For the twelve months ended December 31, 2023, and 2022, the adjustments were \$8 million and \$260 million, net of tax benefit of \$3 million and \$82 million, respectively, due to the net expense related to the NARCO Buyout and HWI Sale.

10 Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the twelve months ended December 31, 2023, the adjustment was \$330 million, net of tax benefit of \$104 million, (or \$434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The \$434 million pre-tax amount was attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.

11 For the twelve months ended December 31, 2024, the impairment charge of indefinite-lived intangible assets associated with the personal protective equipment business was \$37 million, net of tax benefit of \$11 million.

12 For the twelve months ended December 31, 2024, the impairment charge of assets held for sale was \$219 million, without tax benefit.

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE TO HONEYWELL

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024
Net income attributable to Honeywell	\$ 1,545	\$ 6,765	\$ 6,143	\$ 4,779	\$ 5,542	\$ 4,966	\$ 5,658	\$ 5,705
Pension mark-to-market expense <sup>1</sup>	67	28	94	33	30	440	126	95
Amortization of acquisition-related intangibles <sup>2</sup>	314	307	327	284	363	264	231	324
Impacts from U.S. Tax Reform	3,891	(1,494)	(281)	—	—	—	—	—
Separation costs <sup>3</sup>	14	732	—	—	—	—	—	—
Separation related tax adjustment <sup>4</sup>	—	—	—	(186)	—	—	—	—
Garrett related adjustments <sup>5</sup>	—	—	—	427	7	—	—	—
Changes in fair value of Garrett equity securities <sup>6</sup>	—	—	—	—	(19)	—	—	—
Gain on sale of retail footwear business <sup>7</sup>	—	—	—	—	(76)	—	—	—
Expense (benefit) related to UOP Matters <sup>8</sup>	—	—	—	—	160	45	—	—
Russian-related charges <sup>9</sup>	—	—	—	—	—	297	(3)	17
Gain on sale of Russian entities <sup>10</sup>	—	—	—	—	—	(22)	—	—
Net expense related to the NARCO Buyout and HWI Sale <sup>11</sup>	—	—	—	—	—	260	8	—
Adjustment to estimated future Bendix liability <sup>12</sup>	—	—	—	—	—	—	330	—
Acquisition-related costs <sup>13</sup>	—	—	—	—	—	—	7	59
Divestiture-related costs <sup>14</sup>	—	—	—	—	—	—	—	23
Indefinite-lived intangible asset impairment <sup>15</sup>	—	—	—	—	—	—	—	37
Impairment of assets held for sale <sup>16</sup>	—	—	—	—	—	—	—	219
Adjusted net income attributable to Honeywell	<u>\$ 5,831</u>	<u>\$ 6,338</u>	<u>\$ 6,283</u>	<u>\$ 5,337</u>	<u>\$ 6,007</u>	<u>\$ 6,250</u>	<u>\$ 6,357</u>	<u>\$ 6,479</u>

Footnotes on following slide

# RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE TO HONEYWELL

- 1 Pension mark-to-market expense uses a blended tax rate of 25%, 18%, 16%, 25%, 25%, 24%, 24%, and 23%, net of tax benefit of \$31 million, \$27 million, \$83 million, \$10 million, \$11 million, \$29 million, \$9 million, and \$20 million for the years ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017, respectively.
- 2 For the twelve months ended December 31, 2024, 2023, and 2022, 2021, 2020, 2019, 2018, and 2017, acquisition-related intangibles amortization includes approximately \$324 million, \$231 million, and \$264 million, \$363 million, \$284 million, \$327 million, \$307 million, and \$314 million, net of tax benefit of approximately \$91 million, \$61 million, \$69 million, \$102 million, \$74 million, \$88 million, \$88 million, and \$84 million, respectively.
- 3 For the years ended December 31, 2018, and 2017, the adjustments were \$732 million and \$14 million, net of tax impact of \$411 million and \$2 million, respectively, for separation costs.
- 4 For the year ended December 31, 2020, the separation-related adjustment was \$186 million, without tax benefit, and includes the favorable resolution of a foreign tax matter related to the spin-off transactions.
- 5 For the year ended December 31, 2021, the adjustment was \$7 million, without tax expense, due to a non-cash charge associated with a reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021. For the years ended December 31, 2020, the adjustment was \$427 million, net of tax benefit of \$5 million, due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett, net of proceeds from settlement of related hedging transactions.
- 6 For the year ended December 31, 2021, the adjustment was \$19 million, net of tax impact of \$5 million, due to changes in fair value for Garrett equity securities.
- 7 For the year ended December 31, 2021, the adjustment was \$76 million, net of tax impact of \$19 million, due to the gain on sale of the retail footwear business.
- 8 For the years ended December 31, 2022, and 2021, the adjustments were \$45 million and \$160 million, respectively, without tax expense, due to an expense related to UOP matters.
- 9 For the twelve months ended December 31, 2024, the adjustments were a \$17 million expense, without tax benefit, due to the settlement of a contractual dispute with a Russian entity associated with the Company's suspension and wind down activities in Russia. For the year ended December 31, 2023, the adjustment was a benefit of \$3 million, without tax expense. For the year 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.
- 10 For the years ended December 31, 2022, the adjustment was \$22 million, without tax expense, due to the gain on sale of Russian entities.
- 11 For the years ended December 31, 2023, and 2022, the adjustments were \$8 million and \$260 million, net of tax benefit of \$3 million and \$82 million, respectively, due to the net expense related to the NARCO Buyout and HWI Sale.
- 12 Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the twelve months ended December 31, 2023, the adjustment was \$330 million, net of tax benefit of \$104 million, (or \$434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The \$434 million pre-tax amount is attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.
- 13 For the twelve months ended December 31, 2024, and 2023, the adjustments for acquisition-related costs, which are principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, were approximately \$59 million and \$7 million, net of tax benefit of approximately \$16 million and \$2 million, respectively.
- 14 For the twelve months ended December 31, 2024, the adjustment for divestiture-related costs, which is principally comprised of third-party transaction costs, is approximately \$23 million, net of tax benefit of approximately \$6 million.
- 15 For the twelve months ended December 31, 2024, the impairment charge of indefinite-lived intangible assets associated with the personal protective equipment business is \$37 million, net of tax benefit of \$11 million.
- 16 For the twelve months ended December 31, 2024, the impairment charge of assets held for sale is \$219 million, with no tax benefit.

We define adjusted net income attributable to Honeywell as net income attributable to Honeywell, adjusted to exclude various charges as listed above. We believe adjusted net income attributable to Honeywell is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

# CALCULATION OF RETURN ON INVESTED CAPITAL (ROIC)

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024
Adjusted net income attributable to Honeywell	\$ 5,831	\$ 6,338	\$ 6,283	\$ 5,337	\$ 6,007	\$ 6,250	\$ 6,357	\$ 6,479
Interest and other financial charges	316	367	357	359	343	414	765	1,058
Tax attributable to interest expense <sup>1</sup>	(69)	(82)	(76)	(83)	(77)	(86)	(160)	(212)
Adjusted net income before interest	<u>\$ 6,078</u>	<u>\$ 6,623</u>	<u>\$ 6,564</u>	<u>\$ 5,613</u>	<u>\$ 6,273</u>	<u>\$ 6,578</u>	<u>\$ 6,962</u>	<u>\$ 7,325</u>
Long-term debt <sup>2</sup>	\$ 12,378	\$ 11,165	\$ 10,433	\$ 13,726	\$ 15,298	\$ 14,689	\$ 15,843	\$ 21,021
Current maturities of long-term debt <sup>2</sup>	789	2,112	2,124	1,911	2,124	1,767	1,763	1,572
Commercial paper and other short-term borrowings <sup>2</sup>	3,662	3,772	3,551	3,557	3,570	3,130	2,401	3,179
Total shareowners' equity <sup>2</sup>	17,774	17,512	18,532	18,248	18,516	18,281	16,877	17,794
Net investment (two-point average)	<u>\$ 34,603</u>	<u>\$ 34,561</u>	<u>\$ 34,640</u>	<u>\$ 37,442</u>	<u>\$ 39,508</u>	<u>\$ 37,867</u>	<u>\$ 36,884</u>	<u>\$ 43,566</u>
Return on invested capital	<u>18 %</u>	<u>19 %</u>	<u>19 %</u>	<u>15 %</u>	<u>16 %</u>	<u>17 %</u>	<u>19 %</u>	<u>17 %</u>

1 Tax attributable to interest expense uses rates of 20.0%, 20.9%, 20.8%, 22.5%, 23.2%, 21.3%, 22.3%, and 21.7% for 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

2 Long-term debt, Current maturities of long-term debt, Commercial paper and other short-term borrowings, and Total shareowner's equity amounts are calculated as the average of the balance of each in the current year and year immediately preceding.

We calculate adjusted net income before interest by taking adjusted net income attributable to Honeywell and adjusting for items as listed above. We calculate net investment (two-point average) as the sum of the two-year averages of the balance sheet categories listed above. We calculate return on invested capital (ROIC) by dividing adjusted net income before interest by net investment (two-point average) calculations presented above. We believe ROIC is a measure that is useful to investors and management in understanding our ability to generate growth on investments made in our business.

We believe ROIC should be considered in addition to, not as a substitute for, operating income or loss, net income or loss, cash flows provided by or used in operating, investing, and financing activities, or other income statement or cash flow statement line items reported in accordance with GAAP. Other companies may calculate ROIC differently than we do, which may limit its usefulness as a comparative measure.



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

(\$M)	2022	2023	2024
Cash provided by operating activities	\$ 5,274	\$ 5,340	\$ 6,097
Capital expenditures	(766)	(1,039)	(1,164)
Garrett cash receipts	409	—	—
Free cash flow	<u>\$ 4,917</u>	<u>\$ 4,301</u>	<u>\$ 4,933</u>
Impact of settlements <sup>1</sup>	—	1,001	—
Free cash flow excluding impact of settlements	<u>\$ 4,917</u>	<u>\$ 5,302</u>	<u>\$ 4,933</u>
Cash provided by operating activities	\$ 5,274	\$ 5,340	\$ 6,097
÷ Net sales	\$ 35,466	\$ 36,662	\$ 38,498
Operating cash flow margin %	<u>15 %</u>	<u>15 %</u>	<u>16 %</u>
Free cash flow	\$ 4,917	\$ 4,301	\$ 4,933
÷ Net sales	\$ 35,466	\$ 36,662	\$ 38,498
Free cash flow margin %	<u>14 %</u>	<u>12 %</u>	<u>13 %</u>

<sup>1</sup> For the twelve months ended December 31, 2023, impact of settlements was \$1,001 million, net of tax benefit of \$252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define free cash flow excluding impact of settlements as free cash flow less the impact of 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 measures 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.

# Honeywell