

Hello,

I hope you are well. The first quarter of 2025 has been a historic one for Honeywell as we announced our intention to separate into three leading, standalone public companies. In this note, we first provide a recap of company news and our recent investor engagements and then answer some **Frequently Asked Investor Questions (FAIQ)**. We are excited by what lies ahead, and as always, we welcome your feedback. Thank you for your interest in Honeywell.

All the best,
Sean

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Recent Honeywell News

In conjunction with our fourth quarter earnings release in February, we announced our intention to pursue a **full separation of Automation and Aerospace** ([release](#) / [presentation](#)) after a one-year review of the Honeywell portfolio launched by Vimal Kapur. The separation, when **combined with the [previously announced](#) spinoff of Advanced Materials**, will result in **three industry-leading public companies**. As standalone companies, each business will benefit from **clear strategic focus, tailored capital allocation priorities, and enhanced organizational agility**. Our Board believes these dynamics will spur additional growth opportunities, which will **maximize shareholder value**. We expect to complete the separation in a manner that is tax-free to shareholders in the **second half of 2026**. As we enter this exciting next phase of transformation, we remain laser-focused on **delivering on all our commitments to our customers, shareholders, and employees**.

Just two weeks ago, **Honeywell [announced](#) our intention to acquire Sundyne** for approximately \$2.16 billion in an all-cash transaction expected to close in the second quarter. Sundyne's differentiated products and installed base across **petrochemicals and refining, liquefied natural gas, and clean and renewable fuels** will enhance our end-to-end process technology and critical equipment solutions. Together, Honeywell and Sundyne will be able to invest in new product development to unlock better outcomes for customers. Chairman and CEO Vimal Kapur said, "By combining Honeywell's top-tier technology with Sundyne's leading process industry solutions, this acquisition will further enhance our dynamic Honeywell UOP business and create strategic growth opportunities in attractive verticals. Sundyne's vast installed base of top-of-the-line pumps and compressors will further strengthen Honeywell's brand in the process industry and create significant opportunities for us to continue expanding our aftermarket services business."

In January, Honeywell [announced](#) an expanded partnership with **NXP Semiconductors** to develop **AI-driven aerospace technology** that improves the operational efficiency for planning and managing flights. Honeywell's deep aerospace expertise coupled with NXP's high-performance computing architecture brings avionics one step closer to **autonomous flight**, enabling real-time AI-driven insights, enhancing safety, and optimizing performance. The partnership is a continuation of existing co-

innovation between the two companies, including NXP applications embedded in Honeywell's building management, fire safety, and security products.

Recent Investor Engagement

We started the year off by attending both the Citi Global Industrial Tech and Mobility Conference ([webcast replay](#)) and Barclays Industrial Select Conference ([webcast replay](#)) in Miami in February. While on the road, **CEO Vimal Kapur** reinforced the **strategic rationale of the planned separation** of Aerospace and Automation and the outstanding **value propositions of the standalone businesses**. Vimal highlighted how the **powerful foundation Honeywell has built after 20+ years of transformation** and the strength of our **Accelerator operating system** makes now the right time to step into the next phase of growth as three industry-leading public companies. He also reiterated his **confidence in our 2025 guidance** issued during our fourth-quarter earnings call.

Earlier this month, **President and CEO of Aerospace Technologies Jim Carrier** attended the J.P. Morgan Industrials Conference ([webcast replay](#)) in New York City. Jim discussed Honeywell Aerospace's **best-in-class positioning for the Future of Aviation**, which will be led by **increasing forms of autonomy and electrification**. Jim also highlighted Honeywell Aero's growing positions on attractive platforms, exemplified by our [landmark agreement with Bombardier](#) that spans several of our critical technologies, including **Anthem avionics, HTF7K engines, and next-generation satellite communications**. Jim fielded questions on our strong levels of R&D investment and robust acquisition pipeline while highlighting Honeywell Aerospace's **equity story as a pure-play public aerospace and defense company**.

Frequently Asked Investor Questions

What led to the company's announcement of a separation of the Automation and Aerospace businesses? Why is now the right time?

Our Board has historically reviewed the Honeywell portfolio on an annual basis to evaluate ways to potentially unlock value. At the onset of CEO Vimal Kapur's tenure at [our May 2023 Investor Day](#), he clearly laid out his key priorities for the company, which were to simplify and optimize the portfolio, and accelerate growth, both organically and inorganically. These priorities led to a more intensive internal portfolio review (lasting around a year) that contemplated larger portfolio moves in a more detailed manner.

In carefully considering the resulting analysis produced during this review, the Honeywell Board of Directors concluded that the strategic directions of Aerospace and Automation had become increasingly divergent. Whereas both businesses benefited from strengthening of our digital and operational foundation, robust improvements to our supply chain, and active portfolio management over the last 5+ years, the businesses are now on increasingly different paths and will need more focused and distinct strategic roadmaps. Because of Honeywell's recent strategic moves and the maturity of our Accelerator operating system, we are now in a strong position to capitalize on the formation of three industry-leading, distinct companies as the next phase of transformation.

What will be Honeywell's capital allocation priorities prior to the separation into three publicly traded companies?

Our dynamic capital deployment strategy will remain a source of value creation while we pursue separation-related activities. We are committed to returning capital to shareholders by not only continuing our current dividend policy but also repurchasing at least \$3 billion of HON stock to drive a 1+% net reduction in shares outstanding in 2025.

At the same time, we intend to pursue our active deal pipeline to continue to execute attractive bolt-on acquisitions of businesses for which we are the natural owner and a transaction is likely imminent. As evidenced by our recent [Sundyne acquisition announcement](#), we are looking to optimize our portfolio in ways that will set each business up for success on its own. We remain committed to ensuring strong investment grade ratings for Aerospace and Automation and a strong non-investment grade rating for Advanced Materials, with compelling capital allocation strategies relative to peers for all three companies.

Given relatively strong organic revenue growth in the fourth quarter of 2024 (+6% y/y ex-BBD¹), what is driving the projected deceleration early in 2025?

We were pleased to deliver strong 4Q24 results, including double-digit orders growth. For our short-cycle businesses, we believe one quarter does not confirm a sustainable trend. Given the external macro and geopolitical uncertainty, we need to see multiple quarters of improvement before we incorporate it into forward guidance. We expect some inevitable normalization of growth in our Aerospace business in 2025 after 2+ years of double-digit organic growth even as demand remains robust.

Much of the orders strength seen in 4Q was in multi-year contracts and long-cycle projects, particularly within our Aerospace, Building Solutions, and Process Solutions businesses, and we are not accounting for conversion of these orders in the near-term outlook. We are offering 2025 guidance to investors that we are confident we can deliver, leveraging all factors within our control.

What pressures are leading to 2025 guidance for minimal margin expansion ex-BBD¹?

For Honeywell, we expect business mix to remain the primary pressure on margins in 2025 as our relatively lower margin projects and services businesses grow faster than our higher margin products businesses. This mix dynamic will hold until we see a broader acceleration in short-cycle product end markets, which is not currently reflected in our 2025 guide. Margins for each of our business models (products, aftermarket services and software, and projects), should expand, driven by productivity actions under our Accelerator operating system.

In addition, we expect margin expansion for the full year in three of our four SBGs. Only Aerospace Technologies' margin is expected to contract because of the margin profile and integration of the CAES Systems acquisition. Though the CAES acquisition will pressure segment margin, it will be accretive to segment profit growth given a strong top line growth trajectory. Furthermore, we expect its percentage margin to improve materially in the next few years as integration costs subside and the business scales, providing a tailwind into 2026.

Why is Honeywell the natural owner of Sundyne? What makes this acquisition attractive?

Sundyne addresses a closely adjacent market to our existing ESS business in the equipment value chain with a differentiated rotating equipment offering in core energy, liquefied natural gas, and clean energy verticals. We are executing a strategic roadmap that includes the Air Products' LNG acquisition in 2024 to gain more exposure to secular growth stemming from the elevated global need for energy security and our customers adding LNG capacity to meet that demand. The two acquisitions nicely complement each other as the Sundyne purchase will allow Honeywell to present an even more robust end-to-end solution for sustainability, refining, and petrochemicals customers. Importantly, Sundyne expands ESS's aftermarket position, which represents nearly half of Sundyne revenue at attractive margin rates, and offers incremental opportunities to deploy Honeywell connected solutions.

¹4Q24 financial results include impact of the Bombardier Agreement (BBD) 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.

About Honeywell

Honeywell is an integrated operating company serving a broad range of industries and geographies around the world. Our business is aligned with three powerful megatrends – automation, the future of aviation, and energy transition – underpinned by our Honeywell Accelerator operating system and Honeywell Connected Enterprise integrated software platform. As a trusted partner, we help organizations solve the world's toughest, most complex challenges, providing actionable solutions and innovations that help make the world smarter, safer, and more sustainable. For more news and information on Honeywell, please visit www.honeywell.com/newsroom.

Honeywell uses our Investor Relations website, www.honeywell.com/investor, as a means of disclosing information which may be of interest or material to our investors and for complying with disclosure obligations under Regulation FD. Accordingly, investors should monitor our Investor Relations website, in addition to following our press releases, SEC filings, public conference calls, webcasts, and social media.

Forward Looking Statements

We describe many of the trends and other factors that drive our business and future results in this release. 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 release can or will be achieved. These forward-looking statements should be considered in light of the information included in this release, our Form 10-K, and our 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.