

# SECOND QUARTER 2024 EARNINGS RELEASE

JULY 25, 2024

**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. 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, 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; Organic sales percentage; Free cash flow; Adjusted free cash flow; Free cash flow excluding impact of settlements; Free cash flow margin excluding impact of settlements; Adjusted free cash flow margin; Adjusted earnings per share; Adjusted earnings per share excluding pension headwind; Adjusted income before taxes; Adjusted income tax expense; Adjusted effective tax rate; and EBITDA, 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.

# 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**

# RECENT ACQUISITION UPDATES

## ANNOUNCED APD LNG

- Air Products' LNG business enhances ESS's existing portfolio to create an end-to-end natural gas asset management solution
- Complementary offerings aligned to our energy transition portfolio, expanding our installed base and creating new aftermarket services and software sales opportunities
- Third bolt-on acquisition to close in 2024

### AIR PRODUCTS LNG

**~\$1.8B**

Purchase Price

**13x**

2024E EBITDA

**~\$300M**

2024 Run Rate Sales

## ANNOUNCED CAES

- Supplements our defense technology across land, sea, air, and space with new electromagnetic defense solutions
- Expanding our position on critical platforms that are expected to grow significantly in the years to come
- Second Aerospace acquisition this year (Civitanavi announced in March)

**CAES** PIONEERING  
ADVANCED  
ELECTRONICS

**~\$1.9B**

Purchase Price

**14x**

2024E EBITDA

**~\$800M**

2024 Run Rate Sales

## CLOSED ACCESS SOLUTIONS

- Positions Honeywell as a leading provider of security solutions for the digital age
- Bolsters Building Automation's equipment-agnostic products business while improving the margin profile
- HON Security business now >\$1B in run-rate sales, creating platform for more M&A
- Closed on June 3

**~\$5.0B**

Purchase Price

**13x**

2023 EBITDA

**~\$700M**

2024 Run Rate Sales

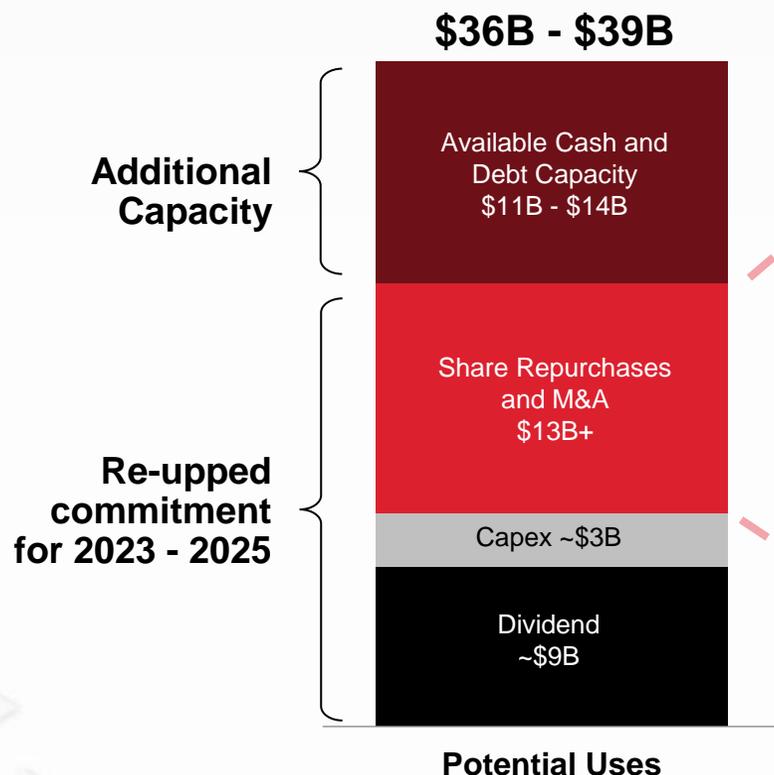
We define EBITDA as adjusted income before taxes adjusted for interest and other financial charges, interest income, and depreciation and amortization.

**Strengthening Alignment to Three Megatrends With ~500 bps of Accretive Revenue**

# CAPITAL DEPLOYMENT ACCELERATING

## 2023 - 2025 TARGET

## PROGRESS TOWARD COMMITMENT



### M&A

APPROXIMATELY \$10B ANNOUNCED SINCE 2023

#### Automation

LENEL S2 / Unity / Supra

SCADAfence

COMPRESSOR CONTROLS CORPORATION

#### Future of Aviation

CAES PIONEERING ADVANCED ELECTRONICS

CIVITANAVI SYSTEMS®

#### Energy Transition

AIR PRODUCTS LNG

### SHARE REPURCHASES

**\$3.7B**

Repurchases in 2023

2.2% share count reduction

**\$1.2B**

YTD Repurchases in 2024

On track for ~2% share count reduction

We define EBITDA as adjusted income before taxes adjusted for interest and other financial charges, interest income, and depreciation and amortization.

**Already Committed to Deploy ~\$15B to M&A and Repurchases Since 2023**

# 2Q 2024 RESULTS

## 2Q 2024 Actual

## 2Q 2024 Guidance

## 2Q 2024 HIGHLIGHTS

### ADJUSTED EARNINGS PER SHARE

\$2.49

\$2.35 - \$2.45

### ORGANIC SALES GROWTH

4%

Up 1% – 4%

### SEGMENT MARGIN EXPANSION

(10 bps)

Down 40 bps – Flat

### FREE CASH FLOW

\$1.1B

### CAPITAL DEPLOYMENT

\$6.4B

Acquisitions, Dividends, Share Repurchases, and Capital Expenditures

- **Orders growth of 4%** with double-digit growth in Building Automation and Energy and Sustainability Solutions
- **Organic sales growth of 4%, including 1% volume growth**, led by continued strength in Aerospace Technologies and Energy and Sustainability Solutions; return to growth in Building Automation
- **Segment margin contraction of (10 bps)** as expansion in Energy and Sustainability Solutions was offset by reduction in the others
- **Segment profit growth of 4%** with double-digit growth in Aerospace Technologies and Energy and Sustainability Solutions
- **Adjusted earnings per share grew 8%**, exceeding the high end of the guidance range
- **Free cash flow of \$1.1B**, roughly flat year over year as improvement in working capital was offset by higher cash taxes
- **Deployed \$6.4B of capital** to M&A, dividends, share repurchases, and high return capex; closed the Access Solutions acquisition

*Adjusted EPS and adjusted EPS V% excludes 2Q24 amortization of acquisition-related intangibles, 2Q24 acquisition-related costs, 2Q23 amortization of acquisition-related intangibles, 2Q23 acquisition-related costs, 2Q23 Russian-related charges, and 2Q23 net expense related to the NARCO Buyout and HWI Sale.*

## Met High End of Organic Growth and Exceeded Adjusted EPS Guidance

# 3Q AND FY 2024 OUTLOOK

## 3Q GUIDANCE

### SALES

**\$9.8B - \$10.0B**

Up 4% - 6% Organically

### SEGMENT MARGIN

**23.0% - 23.3%**

Down (60) - (30) bps

### ADJUSTED EPS

**\$2.45 - \$2.55**

Up 3% - 7%

### NET BELOW THE LINE IMPACT

**(\$185M - \$235M)**

Effective tax rate    Share count

**~21%**

**~655M**

## FY GUIDANCE

### SALES

**\$39.1B - \$39.7B**

Up 5% - 6% Organically

### SEGMENT MARGIN

**23.3% - 23.5%**

Down (20) – Flat bps

### ADJUSTED EPS

**\$10.05 - \$10.25**

Up 6% - 8%

### FREE CASH FLOW

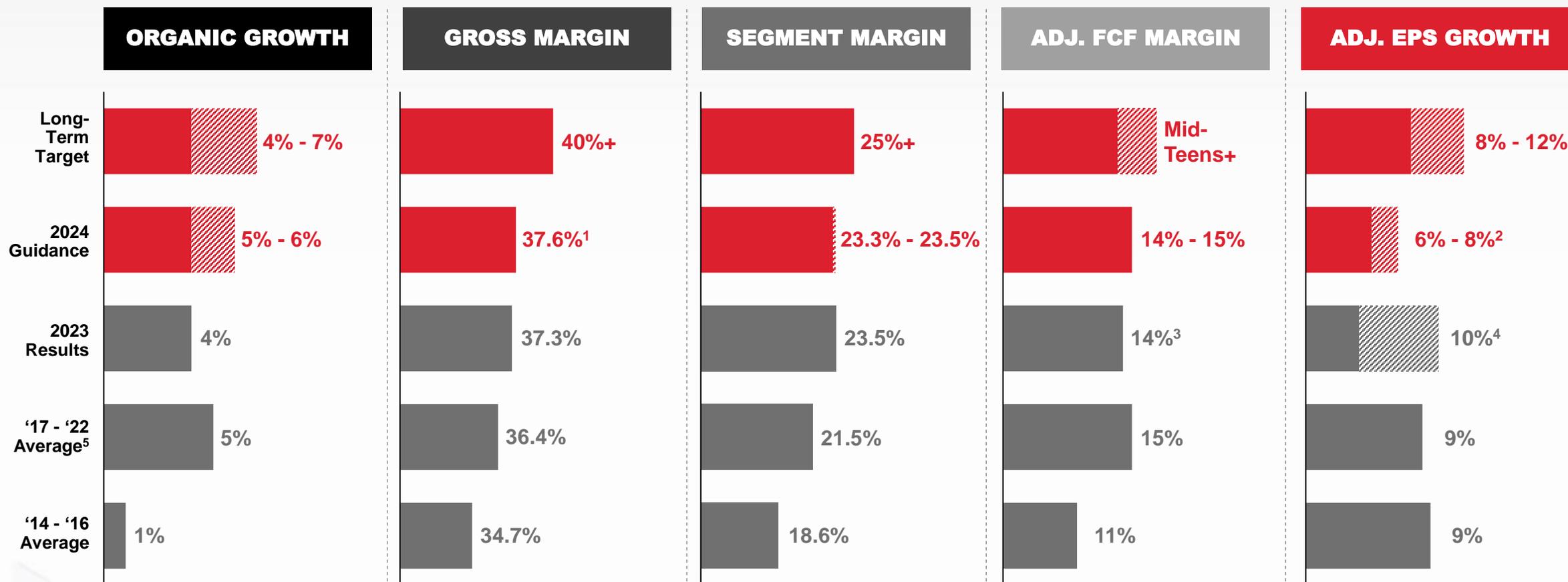
**\$5.5B - \$5.9B**

Up 4% - 11% excluding impact of prior year 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 postretirement income, amortization of acquisition-related intangibles, certain acquisition-related costs, and repositioning and other charges. Adjusted EPS and Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 3Q24 amortization of acquisition-related intangibles, 3Q24 acquisition-related costs, 3Q23 amortization of acquisition-related intangibles, 3Q23 acquisition-related costs, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability.*

**Updated Guidance Incorporates Recently Announced CAES and LNG Acquisitions**

# LONG-TERM FINANCIAL PROGRESSION



1. Represents gross margin from the last twelve months. Historical gross margin excludes company-funded R&D, in line with the reporting change made in 1Q23. 2. Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability. 3. Excluding impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. 4. Adjusted EPS excluding pension headwind excludes the impact of the year-over-year decrease in pension ongoing and other postretirement income. 5. Excluding 2020.

**Committed to Delivering on Our Long-Term Targets**

# SUMMARY

- **Met or exceeded all guided metrics in the second quarter with organic growth in three of four segments**
- **Recent momentum supportive of second half revenue acceleration**
- **Portfolio strategy unfolding: \$10B in acquisitions since 2023; investing in all three megatrends**

**Confident in Strong Second Half Exit Rate, Portfolio Shaping Accelerating**

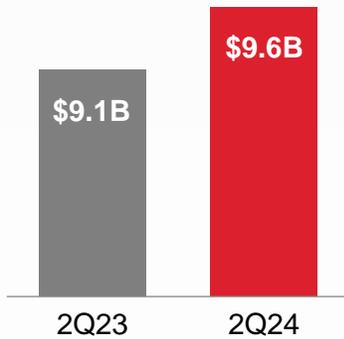


# *Appendix*

# 2Q 2024 FINANCIAL SUMMARY

## SALES

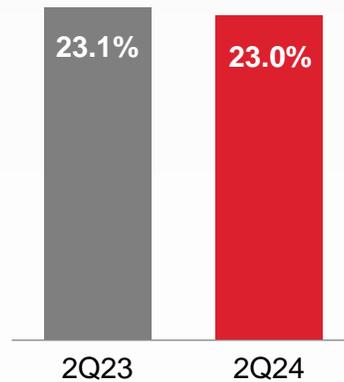
Up 4% Organic



- + Double-digit organic growth in defense and space, commercial aviation, and building solutions
- + Return to growth in Building Automation
- Continued warehouse automation and some short-cycle headwinds as expected

## SEGMENT MARGIN

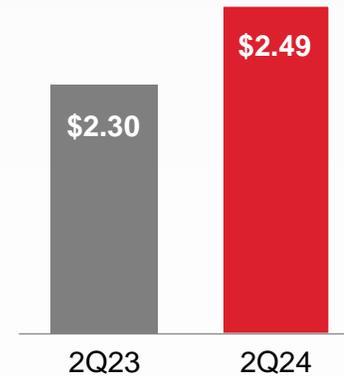
Down (10 bps)



- + Segment profit growth of 4%
- + Commercial excellence and productivity actions more than offset inflation
- Margin contraction as a result of less favorable mix within our businesses

## ADJUSTED EPS

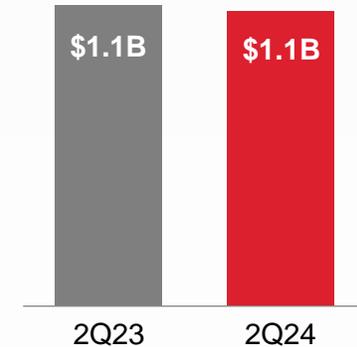
Up 8%



- + Higher segment profit
- + Lower share count (654M vs. 670M)
- ± Lower repositioning and other, higher interest expense

## FREE CASH FLOW

Down (1%)



- + Deployed \$6.4B to M&A, dividends, share repurchases, and capex
- + Higher net income
- Higher cash taxes

Adjusted EPS and adjusted EPS V% excludes 2Q24 amortization of acquisition-related intangibles, 2Q24 acquisition-related costs, 2Q23 amortization of acquisition-related intangibles, 2Q23 acquisition-related costs, 2Q23 Russian-related charges, and 2Q23 net expense related to the NARCO Buyout and HWI Sale.

**Organic Growth Acceleration, Strong Adjusted EPS Performance**

# 2Q 2024 SEGMENT RESULTS

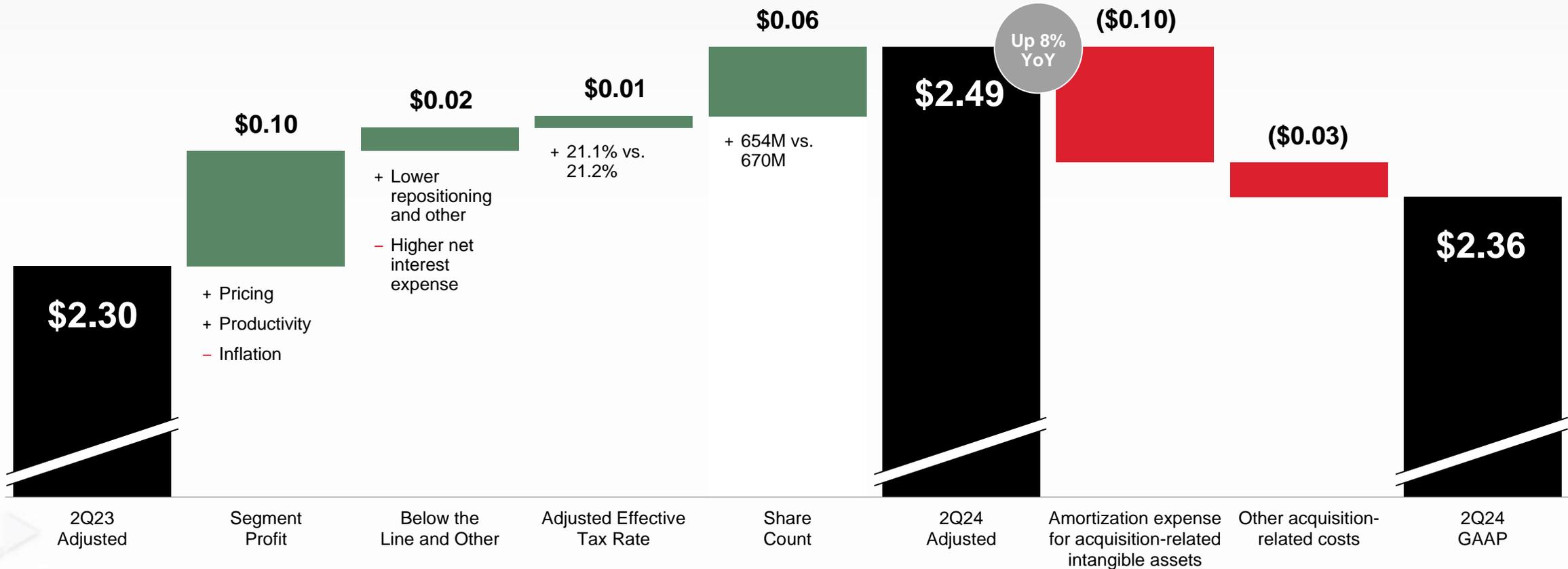
(\$M)	SALES	SEGMENT MARGIN CHANGE (BPS)	COMMENTARY
AT	<b>\$3,891</b> Up 16% Organic	<b>27.2%</b> Down (60) bps	<ul style="list-style-type: none"> <li>• 13th consecutive quarter of double-digit growth in commercial aviation; aftermarket up 17%</li> <li>• 19% sales growth in defense and space on further supply unlock</li> <li>• Margin contraction as a result of mix pressure in original equipment partially offset by commercial excellence net of inflation</li> </ul>
IA	<b>\$2,506</b> Down (8%) Organic	<b>19.0%</b> Down (90) bps	<ul style="list-style-type: none"> <li>• High-single digit orders growth, led by high-single digit improvement in process solutions and double-digit growth in warehouse and workflow solutions and productivity solutions and services; book-to-bill of 1.1</li> <li>• Double-digit organic growth in process solutions aftermarket services; lower warehouse automation volumes</li> <li>• Margin contraction due to lower volume leverage and the end of payments under the license and settlement agreement in productivity solutions and services</li> </ul>
BA	<b>\$1,571</b> Up 1% Organic	<b>25.3%</b> Down (60) bps	<ul style="list-style-type: none"> <li>• Double-digit growth in building solutions, highlighted by 20% growth in projects</li> <li>• Double-digit year over year orders growth, including improvement in building products, resulting in an overall book-to-bill of 1.1</li> <li>• Margin contraction due to product mix headwinds and cost inflation, partially offset by productivity actions and commercial excellence</li> </ul>
ESS	<b>\$1,604</b> Up 3% Organic	<b>25.2%</b> Up 200 bps	<ul style="list-style-type: none"> <li>• Sequential and year over year improvement in advanced materials led by another quarter of robust fluorine products performance</li> <li>• Double digit orders growth, with 20%+ growth in both advanced materials and sustainable technology solutions and an overall book-to-bill of 1.2</li> <li>• Margin expansion primarily driven by productivity actions</li> </ul>

**Excellent Long-Cycle Performance, Short-Cycle Sequential Improvement**

# 2Q 2024 SALES GROWTH

	2Q Reported	2Q Organic
<b>AEROSPACE TECHNOLOGIES</b>	<b>16%</b>	<b>16%</b>
Commercial Aviation Original Equipment	10%	10%
Commercial Aviation Aftermarket	17%	17%
Defense and Space	19%	19%
<b>INDUSTRIAL AUTOMATION</b>	<b>(8%)</b>	<b>(8%)</b>
Process Solutions	2%	1%
Productivity Solutions and Services	(10%)	(9%)
Sensing and Safety Technologies	(10%)	(9%)
Warehouse and Workflow Solutions	(41%)	(41%)
<b>BUILDING AUTOMATION</b>	<b>4%</b>	<b>1%</b>
Building Products	(1%)	(7%)
Building Solutions	12%	14%
<b>ENERGY AND SUSTAINABILITY SOLUTIONS</b>	<b>2%</b>	<b>3%</b>
UOP	(4%)	(4%)
Advanced Materials	6%	8%

# 2Q 2024 EARNINGS PER SHARE BRIDGE



Adjusted EPS and adjusted EPS V% excludes 2Q24 amortization of acquisition-related intangibles, 2Q24 acquisition-related costs, 2Q23 amortization of acquisition-related intangibles, 2Q23 acquisition-related costs, 2Q23 Russian-related charges, and 2Q23 net expense related to the NARCO Buyout and HWI Sale.

**EPS Growth Driven by Segment Profit and Lower Share Count**

# ADDITIONAL 2024 INPUTS

	2Q24	3Q24E	2024E	COMMENTARY
<b>Pension / OPEB</b>	\$144M	~\$150M	~\$550M	<ul style="list-style-type: none"> <li>Pension income roughly flat to prior year</li> </ul>
<b>Repositioning</b>	(\$27M)	(\$30M - \$70M)	(\$150M - \$225M)	<ul style="list-style-type: none"> <li>Retaining capacity for high-return projects to support cost management and productivity initiatives</li> </ul>
<b>Other Below the Line<sup>1</sup></b>	(\$228M)	(\$305M - \$315M)	(\$1100M - \$1125M)	<ul style="list-style-type: none"> <li>Increased year over year interest expense</li> </ul>
<b>Total Below the Line</b>	(\$111M)	(\$185M - \$235M)	(\$700M - \$800M)	
<b>Adjusted Effective Tax Rate</b>	21%	~21%	~21%	
<b>Share Count</b>	654M	~655M	~655M	<ul style="list-style-type: none"> <li>Minimum 1% share count reduction</li> </ul>
<b>Corporate and Quantinum</b>	(\$140M)	(~\$150M)	(~\$500M)	<ul style="list-style-type: none"> <li>Segment profit for Corporate and Quantinum</li> </ul>

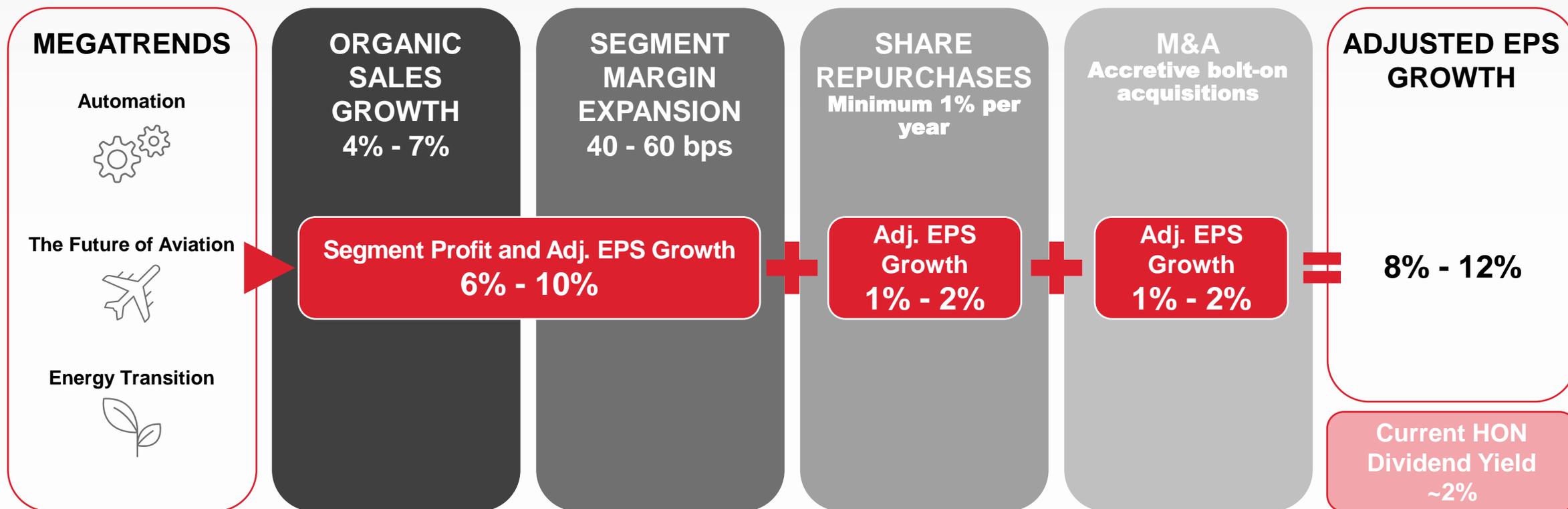
1. Other below the line includes asbestos, environmental expenses net of spin reimbursements, net interest, F/X, stock option expense, RSU expense, M&A, and other expense.

# FY 2024 GUIDANCE PROGRESSION

	<b>ORIGINAL GUIDE</b> (From 4Q23 Earnings Call)	<b>PREVIOUS GUIDE</b> (From 1Q24 Earnings Call)	<b>PREVIOUS GUIDE</b> (Incl. Access Solutions and Reporting Change)	<b>CURRENT GUIDE</b> (From 2Q24 Earnings Call)
<b>SALES</b> Organic Growth	<b>\$38.1B - \$38.9B</b> Up 4% - 6%	<b>\$38.1B - \$38.9B</b> Up 4% - 6%	<b>\$38.5B - \$39.3B</b> Up 4% - 6%	<b>\$39.1B - \$39.7B</b> Up 5% - 6%
<b>SEGMENT MARGIN</b> Margin Expansion	<b>23.0% - 23.3%</b> Up 30 - 60 bps	<b>23.0% - 23.3%</b> Up 30 - 60 bps	<b>23.8% - 24.1%</b> Up 30 - 60 bps	<b>23.3% - 23.5%</b> Down (20) - Flat bps
Net Below the Line Impact	(\$700M) - (\$550M)	(\$700M) - (\$550M)	(\$800M) - (\$650M)	(\$800M) - (\$700M)
Effective Tax Rate	~21%	~21%	~21%	~21%
Share Count	~656M	~656M	~656M	~655M
<b>ADJUSTED EPS</b> Adjusted Growth	<b>\$9.80 - \$10.10</b> Up 7% - 10%	<b>\$9.80 - \$10.10</b> Up 7% - 10%	<b>\$10.15 - \$10.45</b> Up 7% - 10%	<b>\$10.05 - \$10.25</b> Up 6% - 8%
<b>FREE CASH FLOW</b> YoY Growth (ex. Settlements)	<b>\$5.6B - \$6.0B</b> Up 6% - 13%	<b>\$5.6B - \$6.0B</b> Up 6% - 13%	<b>\$5.6B - \$6.0B</b> Up 6% - 13%	<b>\$5.5B - \$5.9B</b> Up 4% - 11%

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 postretirement income, amortization of acquisition-related intangibles, certain acquisition-related costs, and repositioning and other charges. Adjusted EPS and Adjusted EPS V% guidance excludes 2024 amortization of acquisition-related intangibles, 2024 acquisition-related costs, 2024 Russian-related charges, 2023 pension mark-to-market expense, 2023 amortization of acquisition-related intangibles, 2023 acquisition-related costs, 2023 Russian-related charges, 2023 net expense related to the NARCO Buyout and HWI sale, and 2023 adjustment to estimated future Bendix liability.

# LONG-TERM FINANCIAL GROWTH ALGORITHM



Compelling Framework to Compound Growth

# 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.

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

(\$M)	2Q23	3Q23	2Q24	2023
Operating income	\$ 1,883	\$ 1,926	\$ 1,978	\$ 7,084
Stock compensation expense <sup>1</sup>	50	39	55	202
Repositioning, Other <sup>2,3</sup>	103	100	58	952
Pension and other postretirement service costs <sup>3</sup>	16	17	16	66
Amortization of acquisition-related intangibles	61	87	85	292
Acquisition-related costs <sup>4</sup>	—	1	7	2
<b>Segment profit</b>	<b>\$ 2,113</b>	<b>\$ 2,170</b>	<b>\$ 2,199</b>	<b>\$ 8,598</b>
Operating income	\$ 1,883	\$ 1,926	\$ 1,978	\$ 7,084
÷ Net sales	\$ 9,146	\$ 9,212	\$ 9,577	\$ 36,662
<b>Operating income margin %</b>	<b>20.6 %</b>	<b>20.9 %</b>	<b>20.7 %</b>	<b>19.3 %</b>
Segment profit	\$ 2,113	\$ 2,170	\$ 2,199	\$ 8,598
÷ Net sales	\$ 9,146	\$ 9,212	\$ 9,577	\$ 36,662
<b>Segment profit margin %</b>	<b>23.1 %</b>	<b>23.6 %</b>	<b>23.0 %</b>	<b>23.5 %</b>

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 June 30, 2023, other charges include \$2 million of benefit due to the Russia-Ukraine conflict.

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

4 Includes acquisition-related fair value adjustments to inventory.

We define operating income as net sales less total cost of products and services sold, research and development expenses, 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-related 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 operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle, and we make no comment as to when or whether any future acquisitions 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 OPERATING INCOME TO SEGMENT PROFIT AND CALCULATION OF OPERATING INCOME AND SEGMENT PROFIT MARGINS

(\$M)	2014	2015	2016	2017	2018	2019	2021	2022
Operating income	\$ 5,622	\$ 6,238	\$ 6,051	\$ 6,303	\$ 6,705	\$ 6,851	\$ 6,200	\$ 6,427
Stock compensation expense <sup>1</sup>	187	175	184	176	175	153	217	188
Repositioning, Other <sup>2,3</sup>	590	569	674	962	1,100	598	636	942
Pension and other postretirement service costs <sup>4</sup>	297	274	277	249	210	137	159	132
Amortization of acquisition-related intangibles	257	211	304	398	395	415	465	333
<b>Segment profit</b>	<b>\$ 6,953</b>	<b>\$ 7,467</b>	<b>\$ 7,490</b>	<b>\$ 8,088</b>	<b>\$ 8,585</b>	<b>\$ 8,154</b>	<b>\$ 7,677</b>	<b>\$ 8,022</b>
Operating income	\$ 5,622	\$ 6,238	\$ 6,051	\$ 6,303	\$ 6,705	\$ 6,851	\$ 6,200	\$ 6,427
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
<b>Operating income margin %</b>	<b>14.0 %</b>	<b>16.2 %</b>	<b>15.4 %</b>	<b>15.6 %</b>	<b>16.0 %</b>	<b>18.7 %</b>	<b>18.0 %</b>	<b>18.1 %</b>
Segment profit	\$ 6,953	\$ 7,467	\$ 7,490	\$ 8,088	\$ 8,585	\$ 8,154	\$ 7,677	\$ 8,022
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
<b>Segment profit margin %</b>	<b>17.3 %</b>	<b>19.4 %</b>	<b>19.1 %</b>	<b>20.0 %</b>	<b>20.5 %</b>	<b>22.2 %</b>	<b>22.3 %</b>	<b>22.6 %</b>

1 Included in Selling, general and administrative expenses.

2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges. 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 twelve months ended December 31, 2022, and 2021, other charges includes \$41 million and \$105 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 historical Safety and Product 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, Selling, general and administrative expenses, and Other income/expense.

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

We define operating income as net sales less total cost of products and services sold, research and development expenses, 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-related 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 operating income to segment profit will be included within future filings.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle, and we make no comment as to when or whether any future acquisitions 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 ORGANIC SALES PERCENT CHANGE

	<u>2Q24</u>
<b>Honeywell</b>	
Reported sales % change	5%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	<u>4%</u>
<b>Aerospace Technologies</b>	
Reported sales % change	16%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>16%</u>
<b>Industrial Automation</b>	
Reported sales % change	(8)%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	<u>(8)%</u>
<b>Building Automation</b>	
Reported sales % change	4%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	4%
Organic sales % change	<u>1%</u>
<b>Energy and Sustainability Solutions</b>	
Reported sales % change	2%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>3%</u>

We define organic sales percentage 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 ORGANIC SALES PERCENT CHANGE

	2014	2015	2016	2017	2018	2019	2021	2022	2023
<b>Honeywell</b>									
Reported sales % change	3%	(4)%	2%	3%	3%	(12)%	5%	3%	3%
Less: Foreign currency translation	—%	(4)%	(1)%	—%	1%	(1)%	1%	(3)%	(1)%
Less: Acquisitions, divestitures and other, net	—%	—%	4%	(1)%	(4)%	(16)%	—%	—%	—%
<b>Organic sales % change</b>	<b>3%</b>	<b>—%</b>	<b>(1)%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>	<b>6%</b>	<b>4%</b>

We define organic sales percentage 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 EPS TO ADJUSTED EPS AND ADJUSTED EPS EXCLUDING PENSION HEADWIND

	2Q23	3Q23	2Q24	FY2023	3Q24E	2024E
Earnings per share of common stock - diluted <sup>1</sup>	\$ 2.22	\$ 2.27	\$ 2.36	\$ 8.47	\$2.28 - \$2.38	\$9.48 - \$9.68
Pension mark-to-market expense <sup>2</sup>	—	—	—	0.19	No Forecast	No Forecast
Amortization of acquisition-related intangibles <sup>3</sup>	0.07	0.10	0.10	0.35	0.15	0.48
Acquisition-related costs <sup>4</sup>	—	0.01	0.03	0.01	0.02	0.07
Russian-related charges <sup>5</sup>	—	—	—	—	—	0.02
Net expense related to the NARCO Buyout and HWI Sale <sup>6</sup>	0.01	—	—	0.01	—	—
Adjustment to estimated future Bendix liability <sup>7</sup>	—	—	—	0.49	—	—
Adjusted earnings per share of common stock - diluted	\$ 2.30	\$ 2.38	\$ 2.49	\$ 9.52	\$2.45 - \$2.55	\$10.05 - \$10.25
Pension headwind <sup>8</sup>	0.15	0.14	—	0.55	No Forecast	No Forecast
Adjusted earnings per share of common stock excluding Pension headwind - diluted	\$ 2.45	\$ 2.52	\$ 2.49	\$ 10.07	\$2.45 - \$2.55	\$10.05 - \$10.25

1 For the three months ended June 30, 2024, and 2023, adjusted earnings per share utilizes weighted average shares of approximately 654.2 million and 670.2 million, respectively. For the three months ended September 30, 2023, adjusted earnings per share utilizes weighted average shares of approximately 667.0 million. For the twelve months ended December 31, 2023, adjusted earnings per share utilizes weighted average shares of approximately 668.2 million. For the three months ended September 30, 2024, and twelve months ended December 31, 2024, expected earnings per share utilizes weighted average shares of approximately 655 million.

2 Pension mark-to-market expense uses a blended tax rate of 18%, net of tax benefit of \$27 million, for 2023.

3 For the three months ended June 30, 2024, acquisition-related intangibles amortization includes approximately \$66 million, net of tax benefit of approximately \$19 million. For the three months ended June 30, 2023, and September 30, 2023, and twelve months ended December 31, 2023, acquisition-related intangibles amortization includes \$48 million, \$67 million, and \$231 million, net of tax benefit of approximately \$13 million, \$20 million, and \$61 million, respectively. For the three months ended September 30, 2024, and twelve months ended December 31, 2024, expected acquisition-related intangibles amortization includes approximately \$95 million and \$315 million, net of tax benefit of approximately \$25 million and \$85 million, respectively.

4 For the three months ended June 30, 2024, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$22 million, net of tax benefit of approximately \$7 million. For the three months ended June 30, 2023, and September 30, 2023, and twelve months ended December 31, 2023, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$1 million, \$4 million, and \$7 million, net of tax benefit of approximately \$0 million, \$2 million, and \$2 million, respectively. For the three months ended September 30, 2024, and twelve months ended December 31, 2024, the expected adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$15 million and \$45 million, net of tax benefit of approximately \$5 million and \$15 million, respectively.

5 For the three months ended June 30, 2023, the adjustment was a \$1 million expense, without tax benefit. 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, 2024, the expected adjustment is 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.

6 For the three months ended June 30, 2023, and twelve months ended December 31, 2023, the adjustment was \$8 million, net of tax benefit of \$3 million, due to net expense related to the NARCO Buyout and HWI Sale.

7 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.

8 For the twelve months ended December 31, 2023, the adjustment was the decline of \$378 million of pension ongoing and other postretirement income between 2022 and 2023, net of tax expense of \$99 million. For the three months ended June 30, 2023, the adjustment was the decline of \$97 million of pension ongoing and other postretirement income compared to the three months ended June 30, 2022, net of tax expense of \$26 million. For the three months ended September 30, 2023, the adjustment was the decline of \$92 million of pension ongoing and other postretirement income compared to the three months ended September 30, 2022, net of tax expense of \$28 million.

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 and other postretirement 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.

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Earnings per share of common stock - diluted <sup>1</sup>	\$ 4.92	\$ 5.33	\$ 6.04	\$ 6.21	\$ 2.00	\$ 8.98	\$ 8.41	\$ 6.72	\$ 7.91	\$ 7.27
Pension mark-to-market expense <sup>2</sup>	0.05	0.23	0.06	0.28	0.09	0.04	0.13	0.04	0.05	0.64
Amortization of acquisition-related intangibles <sup>3</sup>	0.29	0.24	0.20	0.29	0.41	0.41	0.45	0.40	0.52	0.39
Debt refinancing expense <sup>2</sup>	—	—	—	0.12	—	—	—	—	—	—
Separation costs <sup>4</sup>	—	—	—	—	0.02	0.97	—	—	—	—
Impacts from U.S. Tax Reform	—	—	—	—	5.04	(1.98)	(0.38)	—	—	—
Separation related tax adjustment <sup>5</sup>	—	—	—	—	—	—	—	(0.26)	—	—
Garrett related adjustments <sup>6</sup>	—	—	—	—	—	—	—	0.60	0.01	—
Changes in fair value for Garrett equity securities <sup>7</sup>	—	—	—	—	—	—	—	—	(0.03)	—
Gain on sale of retail footwear business <sup>8</sup>	—	—	—	—	—	—	—	—	(0.11)	—
Expense related to UOP Matters <sup>9</sup>	—	—	—	—	—	—	—	—	0.23	0.07
Russian-related charges <sup>10</sup>	—	—	—	—	—	—	—	—	—	0.43
Gain on sale of Russian entities <sup>11</sup>	—	—	—	—	—	—	—	—	—	(0.03)
Net expense related to the NARCO Buyout and HWI Sale <sup>12</sup>	—	—	—	—	—	—	—	—	—	0.38
<b>Adjusted earnings per share of common stock - diluted</b>	<b>\$ 5.26</b>	<b>\$ 5.80</b>	<b>\$ 6.30</b>	<b>\$ 6.90</b>	<b>\$ 7.56</b>	<b>\$ 8.42</b>	<b>\$ 8.61</b>	<b>\$ 7.50</b>	<b>\$ 8.58</b>	<b>\$ 9.15</b>

1 Adjusted earnings per share utilizes weighted average shares of 683.1 million, 700.4 million, 711.2 million, 730.3 million, 753.0 million, 772.1 million, 775.3 million, 789.3 million, 795.2 million, and 797.3 million for the years ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.

2 Pension mark-to-market expense uses a blended tax rate of 16%, 25%, 25%, 24%, 24%, 23%, 21%, 36.1%, 28.1%, and 25.5% for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively. Debt refinancing expense uses a tax rate of 26.5%.

3 Acquisition-related intangibles amortization includes \$264 million, \$363 million, \$284 million, \$327 million, \$307 million, \$314 million, \$224 million, \$155 million, \$191 million, and \$233 million, net of tax benefit of approximately \$69 million, \$102 million, \$74 million, \$88 million, \$88 million, \$84 million, \$80 million, \$56 million, \$66 million, and \$86 million, for the years ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013, respectively.

4 For the twelve months ended December 31, 2018, and 2017, separation costs were \$732 million and \$14 million, respectively, including net tax impacts.

5 For the twelve months ended December 31, 2020, separation-related tax adjustment of \$186 million includes the favorable resolution of a foreign tax matter related to the spin-off transactions.

6 For the twelve months ended December 31, 2021, the adjustment was \$7 million, without tax benefit, 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 twelve months 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.

7 For the twelve months ended December 31, 2021, the adjustment was \$19 million, net of tax expense of \$5 million, due to changes in fair value for Garrett equity securities.

8 For the twelve months ended December 31, 2021, the adjustment was \$76 million, net of tax expense of \$19 million, due to the gain on sale of the retail footwear business.

9 For the twelve months ended December 31, 2022, and 2021, the adjustments were \$45 million and \$160 million, respectively, without tax benefit, due to an expense related to UOP matters.

10 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.

11 For the twelve months ended December 31, 2022, the adjustment was \$22 million, without tax expense, due to the gain on sale of a Russian entities.

12 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.

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

Acquisition amortization and acquisition-related costs are significantly impacted by the timing, size, and number of acquisitions we complete and is not on a predictable cycle and we make no comment as to when or whether any future acquisitions 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 EFFECTIVE TAX RATE TO ADJUSTED EFFECTIVE TAX RATE

(\$M)	2Q23	2Q24
Income before taxes	\$ 1,904	\$ 1,974
Amortization of acquisition-related intangibles	61	85
Acquisition-related costs	1	29
Russian-related charges	1	—
Net expense related to the NARCO Buyout and HWI Sale	11	—
Adjusted income before taxes	<u>\$ 1,978</u>	<u>\$ 2,088</u>
Income tax expense	\$ 403	\$ 414
Amortization of acquisition-related intangibles	13	19
Acquisition-related costs	—	7
Russian-related charges	—	—
Net expense related to the NARCO Buyout and HWI Sale	3	—
Adjusted income tax expense	<u>\$ 419</u>	<u>\$ 440</u>
Income tax expense	\$ 403	\$ 414
÷ Income before taxes	<u>\$ 1,904</u>	<u>\$ 1,974</u>
Effective tax rate	<u>21.2 %</u>	<u>21.0 %</u>
Adjusted income tax expense	\$ 419	\$ 440
÷ Adjusted income before taxes	<u>\$ 1,978</u>	<u>\$ 2,088</u>
Adjusted effective tax rate	<u>21.2 %</u>	<u>21.1 %</u>

We define adjusted income before taxes as income before taxes adjusted for items presented above. We define adjusted income tax expense as income tax expense adjusted for items presented above. We define adjusted effective tax rate as adjusted income tax expense divided by adjusted income before taxes.

We believe that adjusted effective tax rate is a non-GAAP measure that is useful to investors and management as an ongoing representation of our tax rate excluding one-off and unusual transactions. This measure can be used to evaluate our tax rate on our recurring operations. For forward looking information, we do not provide effective tax rate guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expenses and other one-off and unusual transactions.

# RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND FREE CASH FLOW EXCLUDING THE IMPACT OF SETTLEMENTS AND CALCULATION OF FREE CASH FLOW MARGIN EXCLUDING IMPACT OF SETTLEMENTS

(\$M)	2Q23	2Q24	2023
Cash provided by operating activities	\$ 1,360	\$ 1,371	\$ 5,340
Capital expenditures	(233)	(259)	(1,039)
Free cash flow	1,127	1,112	4,301
Impact of settlements <sup>1</sup>	(14)	—	1,001
Free cash flow excluding impact of settlements	<u>\$ 1,113</u>	<u>\$ 1,112</u>	<u>\$ 5,302</u>
Cash provided by operating activities	\$ 1,360	\$ 1,371	\$ 5,340
÷ Net sales	\$ 9,146	\$ 9,577	\$ 36,662
Operating cash flow margin %	<u>15 %</u>	<u>14 %</u>	<u>15 %</u>
Free cash flow excluding impact of settlements	\$ 1,113	\$ 1,112	\$ 5,302
÷ Net sales	\$ 9,146	\$ 9,577	\$ 36,662
Free cash flow margin excluding impact of settlements %	<u>12 %</u>	<u>12 %</u>	<u>14 %</u>

1 For the three months ended June 30, 2023, impact of settlements was \$14 million, net of tax expense of \$5 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. 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. 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 excluding impact of settlements as free cash flow excluding impact of settlements divided by net sales.

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

# RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW AND CALCULATION OF ADJUSTED FREE CASH FLOW MARGIN

(\$M)	2014	2015	2016	2017	2018	2019	2021	2022
Cash provided by operating activities	\$ 5,080	\$ 5,519	\$ 5,498	\$ 5,966	\$ 6,434	\$ 6,897	\$ 6,038	\$ 5,274
Capital expenditures	(1,094)	(1,073)	(1,095)	(1,031)	(828)	(839)	(895)	(766)
Garrett cash receipts	—	—	—	—	—	—	586	409
Free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 5,606	\$ 6,058	\$ 5,729	\$ 4,917
Separation cost payments	—	—	—	—	424	213	—	—
Adjusted free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 6,030	\$ 6,271	\$ 5,729	\$ 4,917
Cash provided by operating activities	\$ 5,080	\$ 5,519	\$ 5,498	\$ 5,966	\$ 6,434	\$ 6,897	\$ 6,038	\$ 5,274
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Operating cash flow margin %	13 %	14 %	14 %	15 %	15 %	19 %	18 %	15 %
Adjusted free cash flow	\$ 3,986	\$ 4,446	\$ 4,403	\$ 4,935	\$ 6,030	\$ 6,271	\$ 5,729	\$ 4,917
÷ Net sales	\$ 40,306	\$ 38,581	\$ 39,302	\$ 40,534	\$ 41,802	\$ 36,709	\$ 34,392	\$ 35,466
Adjusted free cash flow margin %	10 %	12 %	11 %	12 %	14 %	17 %	17 %	14 %

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define adjusted free cash flow as free cash flow plus separation cost payments. We define adjusted free cash flow margin as adjusted free cash flow divided by net sales.

We believe that free cash flow, adjusted free cash flow, and adjusted 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.

# RECONCILIATION OF EXPECTED CASH PROVIDED BY OPERATING ACTIVITIES TO EXPECTED FREE CASH FLOW

	<u>2024E<sub>(\$B)</sub></u>
Cash provided by operating activities	~\$6.6 - \$7.0
Capital expenditures	~(1.1)
Free cash flow	<u>~\$5.5 - \$5.9</u>

We define free cash flow as cash provided by operating activities less cash for capital expenditures.

We believe that free cash flow is a non-GAAP measure that is useful to investors and management as a measure of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock, or repay debt obligations prior to their maturities. This measure 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