



SECOND QUARTER 2019
EARNINGS RELEASE

JULY 18, 2019

Honeywell

Forward Looking Statements

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Non-GAAP Financial Measures

This presentation contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this presentation are as follows: segment profit, on an overall Honeywell basis, a measure by which we assess operating performance, which we define as operating income adjusted for certain items as presented in the Appendix; segment margin, on an overall Honeywell basis, which we define as segment profit divided by sales and which we adjust to exclude sales and segment profit contribution from Resideo and Garrett in 2018, if and as noted in the presentation; organic sales growth, which we define as sales growth less the impacts from foreign currency translation, and acquisitions and divestitures for the first 12 months following transaction date; adjusted free cash flow, which we define as cash flow from operations less capital expenditures and which we adjust to exclude the impact of separation costs related to the spin-offs of Resideo and Garrett, if and as noted in the presentation; adjusted free cash flow conversion, which we define as adjusted free cash flow divided by net income attributable to Honeywell, excluding separation costs related to the spin-offs, and adjustments to the 4Q17 U.S. tax legislation charge, if and as noted in the presentation; and adjusted earnings per share, which we adjust to exclude pension mark-to-market expenses in 2018, as well as for other components, such as separation costs related to the spin-offs, adjustments to the 4Q17 U.S. tax legislation charge, and after-tax segment profit contribution from Resideo and Garrett in the periods noted in the presentation, net of spin indemnification impacts assuming both indemnification agreements were effective in such periods, if and as noted in the presentation. The respective tax rates applied when adjusting earnings per share for these items are identified in the presentation or in the reconciliations presented in the Appendix. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

STRONG SECOND QUARTER

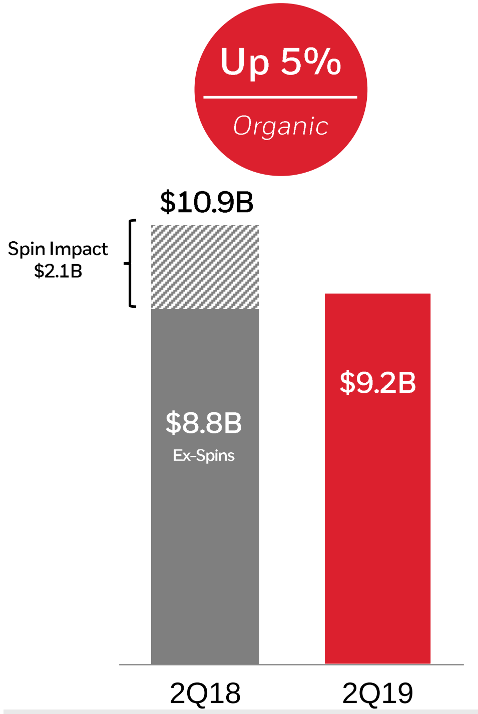
	Actual	Guidance
Organic growth driven by Aerospace, Process Solutions, and Building Technologies	**5%** Organic Sales Growth	4% - 7%
Segment margin above 21% driven by operational execution and accretion from spin-offs	**170 bps** Margin Expansion *80 bps Ex-Spins*	120 - 140 bps *30 - 50 bps Ex-Spins*
EPS and segment profit up 9% adjusted ex-spins; benefits of share repurchases; funded over $80M of high-return restructuring	**$2.10** Earnings Per Share	$2.05 - $2.10
Generated adjusted free cash flow of $1.5B; on track to deliver ~100% conversion for full year 2019	**100%** Adjusted Free Cash Flow Conversion	

Segment margin ex-spins and segment profit ex-spins exclude sales and segment profit contribution from Resideo and Garrett in 2Q18.
Adjusted EPS V% ex-spins excludes 2Q18 after-tax separation costs related to the spin-offs of Resideo and Garrett, and 2Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 2Q18, and 2Q18 adjustments to the 4Q17 U.S. tax legislation charge.
Adjusted free cash flow and associated conversion excludes impacts from separation costs related to the spin-offs.

Strong 2Q Performance; Investing for the Future

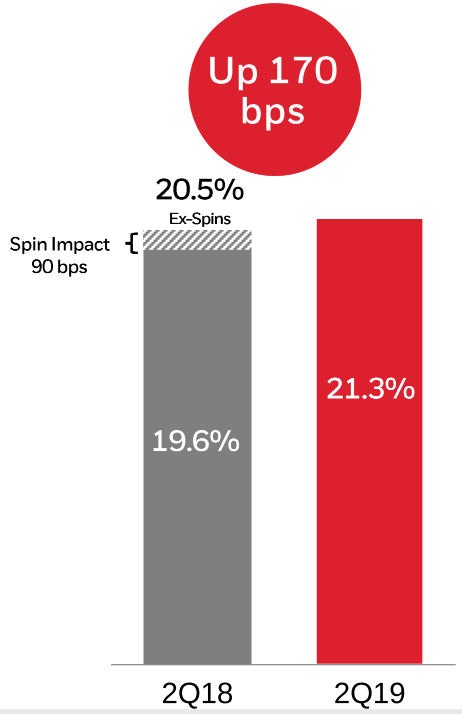
2Q 2019 FINANCIAL SUMMARY

Sales



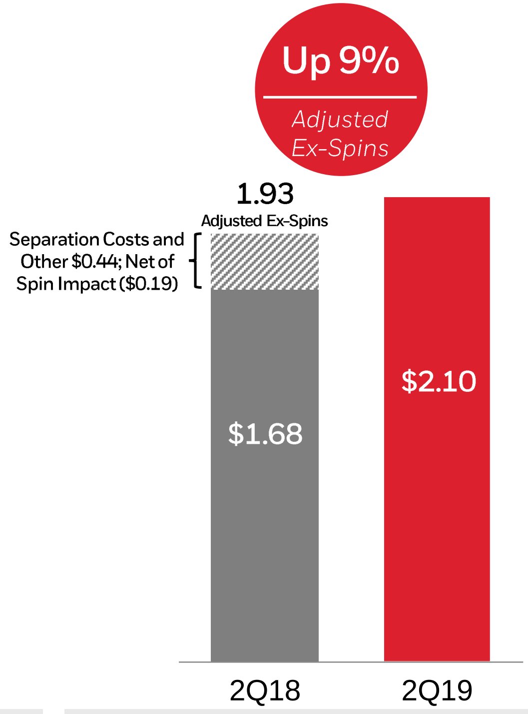
+ Business aviation OE, U.S. and international defense, UOP
+ Aero comm'l aftermarket, building products, Process Solutions

Segment Margin



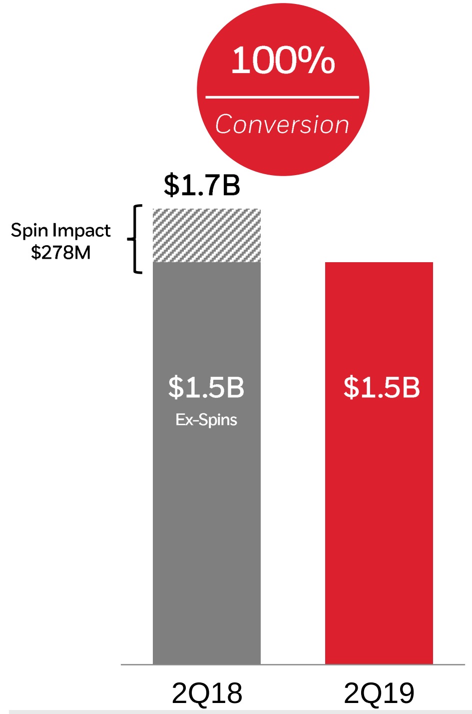
+ Commercial excellence and repositioning benefits
+ Spin accretion (+90 bps)

EPS



+ Segment profit growth (ex-spins), lower share count (733M vs. 755M)
- Lower pension income, higher restructuring given strong pipeline

Adjusted FCF

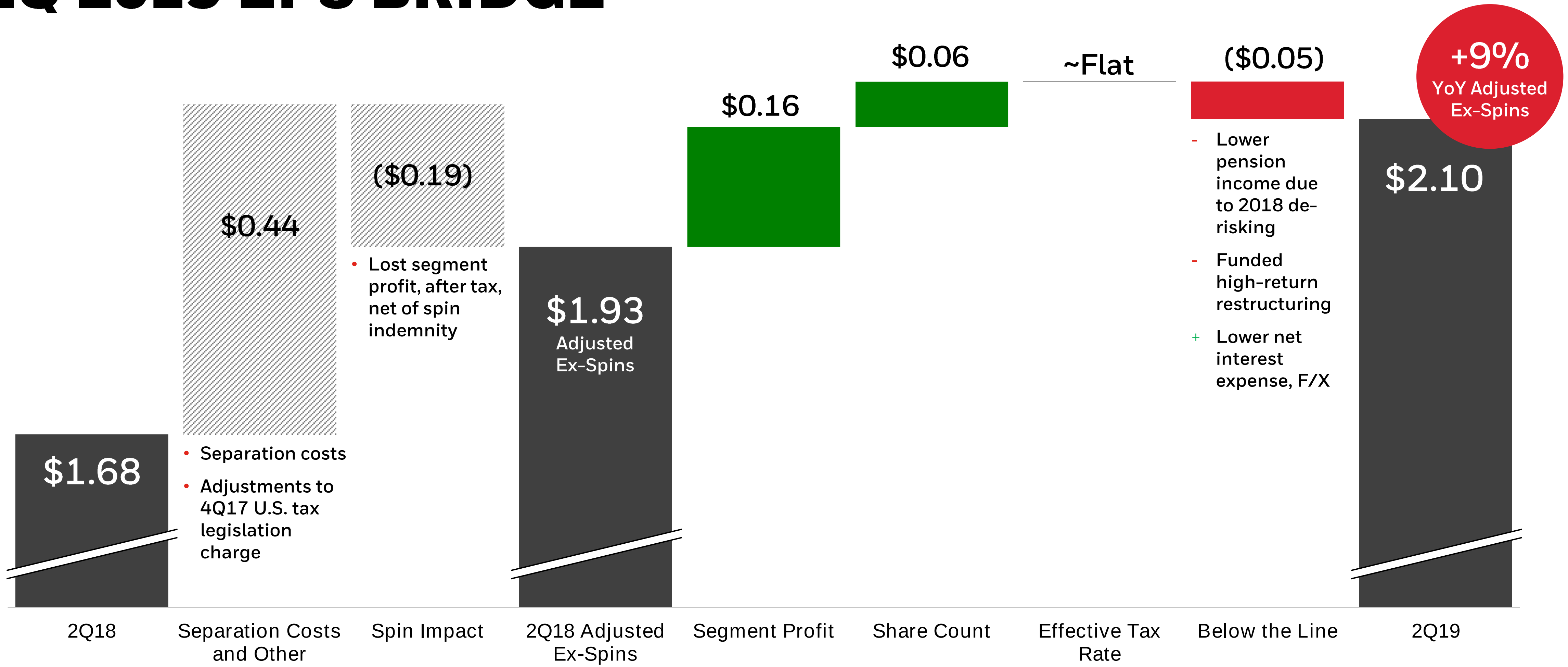


+ Deployed $1.9B to share repurchases
+ Excludes $28M in separation cost cash payments in 2Q19

Segment margin ex-spins excludes sales and segment profit contribution from Resideo and Garrett in 2Q18. Adjusted EPS V% ex-spins excludes 2Q18 after-tax separation costs related to the spin-offs of Resideo and Garrett, and 2Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 2Q18, and 2Q18 adjustments to the 4Q17 U.S. tax legislation charge. $0.19 spin impact is calculated as 2Q18 Garrett and Resideo after-tax spin segment profit contribution, net of spin indemnification impacts assuming it was in place for both Resideo and Garrett in the period prior to the spins effective dates, using a tax rate of 21.7% and weighted average share count of 755M. Adjusted free cash flow and associated conversion exclude impacts from separation costs related to the spin-offs.

Delivered on 2Q Commitments

2Q 2019 EPS BRIDGE



Adjusted EPS and adjusted EPS growth ex-spins excludes after-tax separation costs related to the spin-offs of Resideo and Garrett, and the after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 2Q18, and 2Q18 adjustments to the 4Q17 U.S. tax legislation charge. $0.19 spin impact is calculated as 2Q18 Garrett and Resideo after-tax spin segment profit contribution, net of spin indemnification impacts assuming it was in place for both Resideo and Garrett in the period prior to the spins effective dates, using a tax rate of 21.7% and weighted average share count of 755M. Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges.

High-Quality Earnings; Invested for the Future

2Q 2019 SEGMENT RESULTS

($M)	Sales	Segment Margin Change (bps)	Commentary
Aero	$3,508 *Up 11% Organic*	25.9% *Up 330*	+ Strength in business aviation OE; U.S. and international defense + Continued commercial aftermarket demand in air transport and business aviation + Margin expansion driven by commercial excellence, higher volumes, and spin accretion
HBT	$1,450 *Up 5% Organic*	20.7% *Up 390*	+ Continued strength in commercial fire products; growth in building management software + Global projects growth in building solutions + Margin expansion driven by spin accretion
PMT	$2,735 *Up 4% Organic*	23.5% *Up 140*	+ Growth in Process Solutions short-cycle products, software, and aftermarket services + Strong licensing, engineering, and refining catalyst sales in UOP + Demand for Solstice® low global warming products in Advanced Materials
SPS	$1,550 *Down (4%) Organic*	12.3% *Down (420)*	+ Gas sensing (SIoT) and gas detection (industrial safety) growth - Impact of inventory destocking and fewer large project rollouts in productivity products ± Intelligrated aftermarket and voice growth; tough comps and timing of large projects

Robust Performance Across Most of the Portfolio

3Q 2019 PREVIEW

Guidance	
Sales	**$9.0B - $9.2B**
Organic Growth	*Up 2% - 4%*
Segment Margin	**20.6% - 20.8%**
Margin Growth	*Up 120 - 140 bps*
Margin Growth Ex-Spins[1]	*Up 20 - 40 bps*
Net Below the Line Impact[2]	~$10M
Effective Tax Rate	~22%
Share Count	~727M
EPS	**$1.97 - $2.02**
Adjusted Growth Ex-Spins[3]	*Up 4% - 6%*

What We Expect

- Planning conservatively in short-cycle businesses
- Growth in Aerospace, Process Solutions, and building products partially offset by continued headwinds in productivity products
- Margin expansion driven by commercial excellence, spin accretion, and benefits of previously-funded restructuring
- ~($0.13)[4] earnings dilution YoY from spins, net of spin indemnity

[1] Segment margin expansion ex-spins guidance excludes sales and segment profit contribution from Resideo and Garrett in 3Q18.
[2] Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges.
[3] Adjusted EPS V% ex-spins guidance excludes 3Q18 after-tax separation costs related to the spin-offs of Resideo and Garrett, the 3Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 3Q18, and 3Q18 adjustments to the 4Q17 U.S. tax legislation charge.
[4] $0.13 spin impact is calculated as the 3Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 3Q18, using a tax rate of 21.9% and weighted average share count of 752M.

Strong Long-Cycle, Cautious on Short-Cycle Outlook

2019 FINANCIAL GUIDANCE SUMMARY

Full-Year Guidance	
Sales	**$36.7B - $37.2B**
Organic Growth	*Up 4% - 6%*
Segment Margin	**20.7% - 21.0%**
Margin Growth	*Up 110 - 140 bps*
Margin Growth Ex-Spins[1]	*Up 30 - 60 bps*
Net Below the Line Impact[2]	~($120M)
Effective Tax Rate	~22%
Weighted Average Share Count	~731M
EPS	**$7.95 - $8.15**
Adjusted Growth Ex-Spins[3]	*Up 8% - 10%*
Adjusted FCF[4]	**$5.7B - $6.0B**
Conversion	*98% - 100%*

Commentary

- ✓ Raising low end of full-year guidance for organic sales (+1 point), EPS (+5c), and adjusted free cash flow (+$0.2B)
- ✓ Continuing to plan cautiously for 2H19 given uncertainty in short cycle, macro environment concerns, and channel inventory destocking
- ✓ Monitoring tariff and Brexit situation, with manageable exposure given prior mitigation actions
- ✓ Multiple levers available if slowdown materializes through improved portfolio, best-in-class balance sheet, and strengthened cash mobility

[1] Segment margin expansion ex-spins guidance excludes sales and segment profit contribution from Resideo and Garrett in 2018.
[2] Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, stock compensation expense, pension ongoing income, other post-retirement income, and repositioning and other charges.
[3] Adjusted EPS V% ex-spins guidance excludes 2018 pension mark-to-market, 2018 after-tax separation costs related to the spin-offs of Resideo and Garrett, and 2018 adjustments to the 4Q17 U.S. tax legislation charge. Also excludes the 2018 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective for all of 2018, of $0.62.
[4] Adjusted free cash flow guidance and associated conversion excludes estimated payments of ~$0.3B for separation costs incurred in 2018 related to the spin-offs of Resideo and Garrett.

Confidence in Full-Year Outlook

SUMMARY

- Strong operational performance throughout first half
- Healthy long-cycle backlog entering 2H19
- Expect third quarter EPS of $1.97 – $2.02
- Raising low end of organic sales growth, EPS, and adjusted free cash flow guidance
- Adjusted free cash flow on track for ~100% conversion for full year 2019

Adjusted EPS V% ex-spins guidance excludes 3Q18 after-tax separation costs related to the spin-offs of Resideo and Garrett, the 3Q18 after-tax segment profit contribution from the spin-offs, net of spin indemnification impacts assuming both indemnification agreements were effective in 3Q18, and 3Q18 adjustments to the 4Q17 U.S. tax legislation charge.
Adjusted free cash flow conversion excludes impacts from separation costs related to the spin-offs.

Strong Second Quarter; Executing on Our Strategy

Appendix

2Q 2019 SEGMENT SALES RESULTS

	Reported	Organic
Aerospace	**(14%)**	**11%**
Commercial Aviation Original Equipment	3%	4%
Commercial Aviation Aftermarket	7%	8%
Defense & Space	20%	20%
Honeywell Building Technologies	**(43%)**	**5%**
Building Technologies	7%	5%
Performance Materials and Technologies	**1%**	**4%**
UOP	4%	5%
Process Solutions	1%	5%
Advanced Materials	Flat	2%
Safety and Productivity Solutions	**(4%)**	**(4%)**
Safety	(1%)	1%
Productivity Solutions	(6%)	(7%)

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

($M)	2Q18	2Q19
Aerospace	$4,058	$3,508
Honeywell Building Technologies	2,546	1,450
Performance Materials and Technologies	2,698	2,735
Safety and Productivity Solutions	1,617	1,550
Net sales	$10,919	$9,243
Aerospace	$918	$907
Honeywell Building Technologies	427	300
Performance Materials and Technologies	597	644
Safety and Productivity Solutions	267	191
Corporate	(64)	(72)
Segment profit	$2,145	$1,970
Stock compensation expense [1]	(38)	(34)
Repositioning, Other [2,3]	(279)	(137)
Pension and other postretirement service costs [4]	(51)	(37)
Operating income	$1,777	$1,762
Segment profit	$2,145	$1,970
÷ Net sales	$10,919	$9,243
Segment profit margin %	19.6%	21.3%
Operating income	$1,777	$1,762
÷ Net sales	$10,919	$9,243
Operating income margin %	16.3%	19.1%

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

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

RECONCILIATION OF ORGANIC SALES % CHANGE

	2Q19
Honeywell	
Reported sales % change	(15%)
Less: Foreign currency translation	(2%)
Less: Acquisitions, divestitures and other, net	(18%)
Organic sales % change	5%
Aerospace	
Reported sales % change	(14%)
Less: Foreign currency translation	-
Less: Acquisitions, divestitures and other, net	(25%)
Organic sales % change	11%
Honeywell Building Technologies	
Reported sales % change	(43%)
Less: Foreign currency translation	(2%)
Less: Acquisitions, divestitures and other, net	(46%)
Organic sales % change	5%
Performance Materials and Technologies	
Reported sales % change	1%
Less: Foreign currency translation	(3%)
Less: Acquisitions, divestitures and other, net	-
Organic sales % change	4%
Safety and Productivity Solutions	
Reported sales % change	(4%)
Less: Foreign currency translation	(2%)
Less: Acquisitions, divestitures and other, net	2%
Organic sales % change	(4%)

We define organic sales percent as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation, and acquisitions, net of divestitures. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change.

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

($M)	2Q18	2Q19
Cash provided by operating activities	$1,861	$1,678
Expenditures for property, plant and equipment	(199)	(171)
Free cash flow	1,662	1,507
Separation cost payments	67	28
Adjusted free cash flow	$1,729	$1,535
Net income (loss) attributable to Honeywell	$1,267	$1,541
Separation costs, includes net tax impacts	346	-
Adjustments to 4Q17 U.S. tax legislation charge	(12)	-
Adjusted net income attributable to Honeywell	$1,601	$1,541
Cash provided by operating activities	$1,861	$1,678
÷ Net income (loss) attributable to Honeywell	$1,267	$1,541
Operating cash flow conversion	147%	109%
Adjusted free cash flow	$1,729	$1,535
÷ Adjusted net income attributable to Honeywell	$1,601	$1,541
Adjusted free cash flow conversion %	108%	100%

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

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW

	2019E ($B)
Cash provided by operating activities	~$6.2 - $6.5
Expenditures for property, plant and equipment	~(0.8)
Free cash flow	~5.4 - 5.7
Separation cost payments	~$0.3
Adjusted free cash flow	~$5.7 - $6.0

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

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

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

($M)	3Q18	2018
Segment profit	$2,090	$8,190
Stock compensation expense [1]	(41)	(175)
Repositioning, Other [2,3]	(313)	(1,100)
Pension and other postretirement service costs [4]	(54)	(210)
Operating income	$1,682	$6,705
Segment profit	$2,090	$8,190
÷ Net sales	$10,762	$41,802
Segment profit margin %	19.4%	19.6%
Operating income	$1,682	$6,705
÷ Net sales	$10,762	$41,802
Operating income margin %	15.6%	16.0%

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

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit margin, on an overall Honeywell basis, to operating income margin has not been provided for all forward-looking measures of segment profit margin included herewithin. Operating income margin is expected to be up 270 to 290 for the quarter and 210 to 240 bps in 2019 full year, with the differences between segment profit margin and operating income margin driven by expected full year stock compensation expense, repositioning and other, and pension and other postretirement service costs.

CALCULATION OF SEGMENT PROFIT EXCLUDING SPIN-OFF IMPACT AND SEGMENT MARGIN EXCLUDING SPIN-OFF IMPACT

($M)	2Q18	3Q18	2018
Segment profit	$2,145	$2,090	$8,190
Spin-off Impact[1]	(330)	(299)	(1,011)
Segment profit excluding spin-off impact	$1,815	$1,791	$7,179
Sales	$10,919	$10,762	$41,802
Spin-off Impact[1]	($2,082)	($1,994)	($6,551)
Sales excluding spin-off impact	$8,837	$8,768	$35,251
Segment margin excluding spin-off impact	20.5%	20.4%	20.4%

(1) Amount computed as the portion of Aerospace and Honeywell Building Technologies segment profit and sales in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

RECONCILIATION OF EPS TO ADJUSTED EPS, AND ADJUSTED EPS EXCLUDING SPIN-OFF IMPACT

	2Q18	3Q18	2Q19	2018
Earnings per share of common stock - assuming dilution (EPS) (1)	$1.68	$3.11	$2.10	$8.98
Pension mark-to-market expense	-	-	-	0.04
Separation costs (2)	0.46	0.31	-	0.97
Impacts from U.S. Tax Reform	(0.02)	(1.39)	-	(1.98)
Adjusted earnings per share of common stock - assuming dilution	$2.12	$2.03	$2.10	$8.01
Less: EPS, attributable to spin-offs	$0.19	$0.13		$0.62
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact	$1.93	$1.90		$7.39

(1) For the three months ended June 30, 2018, utilizes weighted average shares of 755.0 million. For the three months ended September 30, 2018, utilizes weighted average shares of 752.0 million.For the twelve months ended December 31, 2018, adjusted earnings per share utilizes weighted average shares 753.0 million.

(2) For the three months ended June 30, 2018, separation costs of $346 million including net tax impacts. For the three months ended September 30, 2018, separation costs of $233 million including net tax impacts. For the twelve ended December 31, 2018, separation costs of $732 million including net tax impacts.

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

CALCULATION OF ADJUSTED FREE CASH FLOW EXCLUDING SPIN-OFF IMPACT

($M)	2Q18
Cash provided by operating activities	$1,861
Expenditures for property, plant and equipment	(199)
Free cash flow	1,662
Separation cost payments	67
Adjusted free cash flow	$1,729
Spin-off Impact [1]	(278)
Adjusted free cash flow, excluding spin-off impact	$1,451

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

(1) Amount computed as the portion of Aerospace and Honeywell Building Technologies free cash flow in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

Honeywell