Forward Looking Statements

This presentation contains certain statements that may be deemed “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this presentation are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements. Any forward-looking plans described herein are not final and may be modified or abandoned at any time. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

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, acquisitions and divestitures for the first 12 months following transaction date, and impacts from adoption of the new accounting guidance on revenue from contracts with customers that arise solely due to non-comparable accounting treatment of contracts existing in the prior period; 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 pension mark-to-market expenses, debt refinancing charges, separation costs related to the spin-offs, the 4Q17 U.S. tax legislation charge, and adjustments to such charge, if and as noted in the presentation; and adjusted earnings per share, which we adjust to exclude pension mark-to-market expenses in historical periods, as well as for other components, such as debt refinancing charges, separation costs related to the spin-offs, the 4Q17 U.S. tax legislation charge, adjustments to such 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.
## 2019 INVESTOR CONFERENCE AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30</td>
<td>CEO Introduction</td>
<td>Darius Adamczyk</td>
</tr>
<tr>
<td>9:10</td>
<td>Honeywell Connected Enterprise</td>
<td>Que Dallara</td>
</tr>
<tr>
<td>9:30</td>
<td>Aerospace</td>
<td>Tim Mahoney</td>
</tr>
<tr>
<td>9:50</td>
<td>Honeywell Building Technologies</td>
<td>Vimal Kapur</td>
</tr>
<tr>
<td>10:20</td>
<td>Performance Materials and Technologies</td>
<td>Rajeev Gautam</td>
</tr>
<tr>
<td>10:40</td>
<td>Safety and Productivity Solutions</td>
<td>John Waldron</td>
</tr>
<tr>
<td>11:00</td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>11:30</td>
<td>Technology Demonstration Rotation 1</td>
<td></td>
</tr>
<tr>
<td>12:00</td>
<td>Lunch</td>
<td></td>
</tr>
<tr>
<td>12:30</td>
<td>Technology Demonstration Rotation 2</td>
<td></td>
</tr>
<tr>
<td>1:15</td>
<td>Supply Chain Transformation</td>
<td>Torsten Pilz</td>
</tr>
<tr>
<td>1:30</td>
<td>Honeywell Digital</td>
<td>Greg Lewis and Ken Stacherski</td>
</tr>
<tr>
<td>1:45</td>
<td>Financial Review</td>
<td>Greg Lewis</td>
</tr>
<tr>
<td>2:15</td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>2:45</td>
<td>Closing Remarks</td>
<td>Darius Adamczyk</td>
</tr>
</tbody>
</table>
INTRODUCTION

2019 INVESTOR CONFERENCE

DARIUS ADAMCZYK
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Honeywell
## Transformation and Priorities Update

- New Honeywell offers an enhanced investment thesis; portfolio review process an on-going activity
- Executing on our long-term commitments; extending our track record of outperformance
- Next phase of transformation begins: Honeywell Connected Enterprise, supply chain transformation, and Honeywell Digital

## Balancing On-going Growth And Productivity Efforts

- Organic growth acceleration paired with continued margin expansion; superb cash generation with increasing ROIC
- Funded breakthroughs gaining momentum; dramatic reduction of innovation cycle times (“Z21” process)
- Substantial productivity opportunity remains: supply chain optimization, digitization, fixed costs, and world-class sourcing

## Investment Focus While Building For The Future

- Substantial cash optionality with an aggressive capital deployment framework
- Bolt-on M&A a priority; strategic share repurchase program; dividend growth aligned with EPS growth
- Building a better future with ESG and employee development and engagement

---

**Positioned for Near- and Long-Term Value Creation**
HONEYWELL POST-SPINS

Transformation Highlights

- Reduced and simplified end-market exposure
- Strengthened and de-risked balance sheet with substantial cash optionality
- Reduced cyclicality and B2C exposure
- Enhanced organic growth capability
- Adjusted free cash flow conversion\(^2\) of 95% - 100%
- Strengthened Honeywell Connected Enterprise

Enhanced Investment Case for Honeywell ... Expect Continued Outperformance

Introduction – May 14, 2019

1 Represents 2018 sales excluding Garrett (the former Transportation Systems business) and Resideo (the former Honeywell Homes and ADI global distribution business); differences between segment sales figures and the sum of sales figures for the businesses within each segment are due to rounding

2 Adjusted free cash flow conversion guidance excludes cash payments related to separation costs incurred in 2018 related to the spin-offs of Resideo and Garrett.
# Long-Term Commitment Scorecard

<table>
<thead>
<tr>
<th>Priority Commitment</th>
<th>2014 – 2016 Average</th>
<th>2017</th>
<th>2018</th>
<th>1Q’19</th>
<th>2019E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerate Organic Growth</td>
<td>1%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>3% – 6%</td>
</tr>
<tr>
<td>Expand Margins 30 - 50 bps</td>
<td>70 bps</td>
<td>70 bps</td>
<td>60 bps</td>
<td>40 bps Ex-Spins</td>
<td>30 - 60 bps Ex-Spins</td>
</tr>
<tr>
<td>Improve Cash Conversion ~100% Adj. FCF Conversion</td>
<td>89%</td>
<td>89%</td>
<td>100%</td>
<td>82% 68% in 1Q18</td>
<td>95% - 100%</td>
</tr>
<tr>
<td>Become a Software-Industrial Company ~20% Software Sales CAGR</td>
<td>5%</td>
<td>23%</td>
<td>14%</td>
<td>15%</td>
<td>~20%</td>
</tr>
<tr>
<td>More Aggressive Capital Deployment</td>
<td>$7.0B</td>
<td>$6.1B</td>
<td>$7.6B</td>
<td>$1.5B</td>
<td>TBD</td>
</tr>
</tbody>
</table>

- *Grew adjusted EPS 12% in 2018 while executing two complex spins*
- *Outstanding start to 2019*
  - Strength in long-cycle businesses and building technologies
  - Strongest 1Q adjusted free cash flow conversion since 2010
- *Second quarter on track and confident in full-year*

---

Capital deployment figures include CapEx, dividends, share repurchases, and M&A.
Adjusted free cash flow conversion excludes impacts from separation costs related to the spin-offs, pension mark-to-market, 4Q17 U.S. tax legislation charge and 2018 adjustments to such charge.
Adjusted EPS V% excludes pension mark-to-market, after-tax separation costs related to the spin-offs of Resideo and Garrett, the 4Q17 U.S. tax legislation charge and 2018 adjustments to such charge.

---

Introduction – May 14, 2019
TOTAL SHAREOWNER RETURN

**Ten-Year 100th Percentile vs. Multi-Industry Peers**

<table>
<thead>
<tr>
<th>CUMULATIVE TOTAL SHAREOWNER RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-Industry Peer Median</td>
</tr>
<tr>
<td>XLI</td>
</tr>
<tr>
<td>S&amp;P 500</td>
</tr>
<tr>
<td>Honeywell</td>
</tr>
</tbody>
</table>

- Best TSR performance amongst our core EE/MI peers in 2018, even while executing two complex spins
- Outperforming the Industrials (XLI) and market (S&P 500) benchmarks in all periods
- Consistent execution while investing for the future

Multi-Industry peer median includes EMR, GE, ITW, MMM, UTX
Total shareholder return (TSR) as of May 3, 2019
Source: S&P Capital IQ

Outstanding Return Demonstrated Over Short, Medium, and Long Term

Introduction – May 14, 2019
## HONEYWELL CONNECTED ENTERPRISE

<table>
<thead>
<tr>
<th>Our Strategy</th>
<th>Our Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unified software approach in high-growth and high-value markets</td>
<td>• Dedicated organization to develop Honeywell Sentience and expand software capabilities to address customer problems</td>
</tr>
<tr>
<td>• Deliver clear value only in the industries where we participate and possess large installed bases</td>
<td>• Focused on industries where we have deep internal expertise, large installed base, and established long-term relationships</td>
</tr>
<tr>
<td>• Leverage Honeywell Sentience (our common IT stack) while developing customer-centric offerings by vertical</td>
<td>• Leveraging leading positions in connected aircraft, building, plant, worker, and distribution center</td>
</tr>
<tr>
<td>• Utilize data from physical products to deliver valuable software solutions</td>
<td>• Expertise with data collection and processing; IIoT is a natural extension of what we do today</td>
</tr>
<tr>
<td>• Generate additional recurring sales though customer adoption (build-with, sell-with approach)</td>
<td></td>
</tr>
</tbody>
</table>

The Future is Now for Honeywell Connected Enterprise
## SUPPLY CHAIN TRANSFORMATION

### Challenges
- Robust orders growth resulting in backlog at record levels
- Low global factory utilization
- Footprint sprawl creates challenges in planning, waste in logistics, and high inefficiency
- Industry-wide supply constraints
- Inconsistent systems and processes to connect Honeywell planning, sourcing, manufacturing, and delivery

### Our Vision
- Operate at world-class standards with focus on the customer
- Simplify and reduce asset intensity
- Flow-based system overhaul (order-to-cash): order, plan, manufacture, and deliver to exceed
- Drive digitalization of our end-to-end supply chain
  - Integrated decision-making capabilities
  - Automated “Smart Factory”
- Leverage Honeywell Forge for Industrials and new technology offerings

### What We Expect
- Improve supply base delivery by 8 - 10 pts
- Drive working capital improvements annually (enabling adjusted FCF conversion consistently at or above 100%)
- Identified ~$500M of run-rate benefits
- Expecting >15% IRR on supply chain transformation investments
  - Largely funded through repositioning and CapEx

### 3 - 5 YEAR TRANSITION PROCESS

The plans and proposals described herein are not final and may be modified or even abandoned at any time. No final decision will be taken with respect to such plans or proposals without prior satisfaction of any applicable requirements with respect to informing, consulting or negotiating with employees or their representatives. Adjusted free cash flow conversion guidance excludes cash payments related to separation costs incurred in 2018 related to the spin-offs of Resideo and Garrett.

Targeting World-Class Integrated Supply Chain Performance

Introduction – May 14, 2019
**Honeywell Digital**

**Anticipate >$500M in potential run-rate benefits (sales, costs, cash)**

1. Initiatives to drive best-in-class functions (sales, marketing, supply chain, customer support, IT, finance, legal, HR)
   - Embed data governance competency to eliminate waste, drive visibility and improved decision making
     - Build world-class data and analytics function

2. Focus on 6 predominant business models exhibited across Honeywell
   - Consistent processes enable data standardization
   - Anticipate ~$50M in annual savings from ERP system reduction
     - ~70 systems currently, planning to get to 10 systems by end of 2021

3. Pivot from ERP rationalization to digital ecosystem
   - Connect business operations to optimize business productivity and substantially enhance decision making and business outcomes
## ACCELERATING GROWTH

### Growth Levers

<table>
<thead>
<tr>
<th>High Growth Regions</th>
<th>2019E</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>~10%</td>
<td>7%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

<sup>*Charts reflect YoY growth</sup>

<table>
<thead>
<tr>
<th>Honeywell Connected Software</th>
<th>2019E</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>~20%</td>
<td>14%</td>
<td>23%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Product Development</th>
<th>2019E</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>~25%</td>
<td>24%</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakthrough Initiatives</th>
<th>2019E</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>~40%</td>
<td>50%</td>
<td>34%</td>
<td></td>
</tr>
</tbody>
</table>

<sup>Up 6% 2018 Organic Sales</sup>

### 2019 Focus Areas

- Develop differentiated technology to meet local needs; leverage software solutions / offerings from strategic acquisitions
- Execute mass-mid segment strategy
- Expect MSD - HSD growth in China, +20% growth in India

- Focusing on solving big customer problems with enterprise software solutions in verticals where Honeywell participates
- Addressing $100B¹ market opportunity across HON end-markets

- Engaging customers to drive co-ideation; develop solutions they want, know how to use, and in an efficient timeframe
- Enhanced focus on new and sustained product vitality
  - “21” innovation process (50% reduction in development cycles)

- Utilize our expertise to expand into untapped adjacencies
- +160 breakthrough initiatives (BTIs) in the pipeline

---

¹Source: Honeywell internal estimate. Honeywell defines new product development as products introduced to the market within the last three years

---

### Key Growth Initiatives Generating Results

Introduction – May 14, 2019
BREAKTHROUGH INITIATIVES

Quantum
- Computational capabilities that enable solutions beyond current computing systems
- Optimization, simulation, and accelerated machine learning
- Complexity of quantum systems aligned to our expertise
- First generation testing for “traps” underway

Industrial Coatings
- Thermal barrier coating in production; next gen value props compelling
  - 4x longer life, 1% lower jet fuel consumption, 10% high power density
- $200M+ new business; over $300M in pursuits pipeline
- >50% sales CAGR planned (2019 - 2023)

Robotics / Connected DC
- Solutions that digitize distribution centers
- 80% of distribution centers manually operated
- Complexity increasing; average DC managing 14,000 SKUs
- Improved productivity, throughput, and volume to meet today’s standards

Sources: 1Honeywell internal estimate; 2Peerless Research Group; 3MMH
## SEGMENT MARGIN EXPANSION

### Results Progression

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016 Expansion</th>
<th>2017 Expansion</th>
<th>2018 Expansion</th>
<th>2019E Expansion</th>
<th>Long-Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>AERO</td>
<td>20.3%</td>
<td>22.2%</td>
<td>22.6%</td>
<td>~27%</td>
<td></td>
</tr>
<tr>
<td>HBT</td>
<td>17.1%</td>
<td>16.9%</td>
<td>17.3%</td>
<td>~23%</td>
<td></td>
</tr>
<tr>
<td>PMT</td>
<td>20.2%</td>
<td>21.3%</td>
<td>21.8%</td>
<td>~25%</td>
<td></td>
</tr>
<tr>
<td>SPS</td>
<td>14.7%</td>
<td>15.1%</td>
<td>16.3%</td>
<td>~19%</td>
<td></td>
</tr>
</tbody>
</table>

### 2019 Focus Areas

- Relentless focus on margin expansion
  - Added variable contribution margin focus to gold business enterprise performance measures
- Benefits from Honeywell Operating System and previously-funded repositioning
- Commercial excellence and mix management
- Fixed cost reduction and stranded costs elimination
- ISC transformation and Honeywell Digital

*Segment margin reflects realignment of Smart Energy business from HBT into PMT. Aero and HBT include former Transportation Systems (Garrett) and Homes and Global ADI (Resideo) businesses through their effective spin-off dates in 2018 Spin impact and sales and segment margin contribution from Resideo and Garrett prior to the spin-off.*

---

**On Path to ~23% Long-Term Margin Target**
Adjusted Free Cash Flow Conversion (2018)

- Adjusted FCF conversion up 11 pts in 2018 while growing adjusted net income 9%
- 2018 Adjusted FCF as a percent of sales of 14.4%, ~3 pts higher than peer average
- Days sales outstanding at a record low; working capital initiatives working, with further opportunity for improvement


- Improved working capital turns by 0.6x, while growing sales 6% organically
- Clear accountability around standard payment terms; centralized credit-to-collection (C2C) organizations driving success
- Next wave of supply chain transformation driving further gains
- Substantial opportunity remains, particularly in inventory

Source: Capital IQ as of market close December 31, 2018. Multi-Industry peer median includes EMR, GE, ITW, MMM, UTX. Adjusted free cash flow and associated conversion excludes impacts from separation costs related to the spinoffs. Conversion also excludes pension mark-to-market and 2018 adjustments to the 4Q17 U.S. tax legislation charge. HON working capital turns calculated as annual sales divided by the average 13-month balance of working capital, defined as the sum of accounts receivable and inventory, net of accounts payable and customer advances.

Driving to Best-In-Class
## Working Capital

### Results Progression

<table>
<thead>
<tr>
<th>Year</th>
<th>Working Capital Turns</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>7.0x</td>
</tr>
<tr>
<td>2015</td>
<td>6.7x</td>
</tr>
<tr>
<td>2017</td>
<td>6.8x</td>
</tr>
<tr>
<td>2018</td>
<td>7.4x</td>
</tr>
<tr>
<td>2019E</td>
<td>~7.6x</td>
</tr>
</tbody>
</table>

- Working capital improved 0.6 turns year-over-year
- Working capital initiatives helped drive adjusted FCF as % of sales of 14.4%, up 225 bps in 2018

### 2019 Focus Areas

- Relentless accountability for improving working capital
- Targeting 0.2x turn improvement, 0.6x improvement excluding impact of spins
- Inventory management now the biggest lever for improvement
- Next wave of supply chain transformation to unlock further improvements in working capital
  - Vendor-managed inventory
  - Digitized procurement processes
  - Improved planning methodology

---

HON working capital turns calculated as annual sales divided by the average 13-month balance of working capital, defined as the sum of accounts receivable and inventory, net of accounts payable and customer advances. Adjusted free cash flow excludes impacts from separation costs related to the spin-offs.

---

Outstanding Results ... More Opportunity Ahead
**2019 CASH DEPLOYMENT**

$14B - $14.5B

**Sources**
- Surplus Cash Balance (end of 2018) ~$8B
- Operating Cash Flow $6.0B - $6.5B

$14B - $14.5B

**Potential Uses**
- Available Cash $6.8B - $7.3B
- Share Reduction ~$4.0B
- CapEx ~$0.8B
- Dividend ~$2.4B

**Deployment Approach**

- Top priority remains bolt-on M&A, valuations continue to be very challenging ...
  - At least 1% share count reduction in 2019
    - Share count down ~3% based on 2018 repurchases (2% impact) and planned 2019 repurchases
  - Dividend growth aligned with EPS growth
  - Consistent CapEx investment to facilitate growth, sustain core businesses
    - Dependent on project financials and business need

**Strong Balance Sheet with Significant Firepower**

*Surplus cash is cash and short-term investments in excess of $3B required for liquidity purposes*
Recent activity driven by:
- Increased cash generation
- Spin dilution
- Attractive valuation
- Availability of U.S. cash

How we evaluate additional share repurchases
- Evaluated quantitatively using expected HON P/E multiple, earnings, and dividend growth for the next five years as well as DCF model – high confidence in Honeywell performance
- Liquidity preservation for future M&A opportunities and industrial cycle preparedness taken into consideration

Systematic Reduction in Share Count While Retaining M&A Optionality
Our Mission and Plan

• Ensuring a cleaner, safer, and healthier future

• Integrating health, safety, and environment into all aspects of business

• Protect workers and employees globally
  − Safety record is +80% better than industry average

• Annual targets for waste reduction
  − ~90% reduction in greenhouse gas (GHG) emissions intensity since 2004

• Comprehensive system aligned to industry best practices, fully integrated into Honeywell Operating System

• Since 2001, Honeywell humanitarian relief repaired / rebuilt:
  − 900 homes
  − 4 schools
  − 9 medical clinics
  − 1 elder community center
  − 200 wells
  − 135 drinking water stations

Building A Better Future
ADDRESSING WORLD’S TOUGHEST CHALLENGES

• Developing and manufacturing technologies that drive energy efficiency, improve worker safety and productivity, and build global urbanization

• Performance Materials and Technology’s Solstice low-global-warming products helping replace harmful hydrofluorocarbons (HFCs)
  – HFO-1234yf safely cooling more than 70M cars worldwide; expected to grow to more than 90M cars by end of 2019

• Aerospace’s Enhanced Ground Proximity Warning System reduced controlled flight into terrain (CFIT) accidents from ~1 every 3 million flights to less than 1 in every 20 million

• Personal and industrial safety equipment serve more than 500 million people around the world daily

Our Products Making the World Safer, Cleaner, and More Sustainable
## Employee Culture as a Competitive Advantage

### Established Initiatives

- Launched women’s advancement initiative; empowering women through workplace training
  - Mentoring and skills program sponsored by top-leadership
- Increased parental leave after childbirth
- Increased employee 401K match following tax reform
- No healthcare premium increases for the fourth consecutive year

### Supporting Diversity

- Three core principles ingrained in everyday Honeywell culture:
  - Integrity and ethics
  - Supporting Diversity
  - Workplace respect
- Core principles absolutely required to work at Honeywell
- Investing in employee engagement to retain top talent
- Eight behaviors at the center of everything we do

### Retaining Top-Talent Through Improved Employee Experience

---

**Awarded Latino Corporate Directors Association (LCEDA) Visionary Award**
SUMMARY

- Outstanding performance in 2018; expect the same in 2019 and over long-term
- Strategic priorities stay consistent
- Multiple levers for sales growth, margin expansion, and adjusted free cash flow
- Significant balance sheet firepower to deploy
- Working to ensure a cleaner, safer, and healthier future

Executing Our Playbook to Remain Best-In-Class
TODAY’S PRESENTERS

Aerospace
Tim Mahoney
President and CEO
Que Dallara
President and CEO
Connected Enterprise

Honeywell Building Technologies
Vimal Kapur
President and CEO
Torsten Pilz
Senior Vice President and Chief Supply Chain Officer

Performance Materials and Technologies
Rajeev Gautam
President and CEO
Ken Stacherski
Vice President Enterprise Transformation

Safety and Productivity Solutions
John Waldron
President and CEO
Greg Lewis
Senior Vice President and Chief Financial Officer

Honeywell Connected Enterprise

Supply Chain Transformation
Honeywell Digital
Honeywell Digital and Financial Review

Deep Leadership Bench Driving Execution
HONEYWELL CONNECTED ENTERPRISE
2019 INVESTOR CONFERENCE

QUE DALLARA
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CONNECTED ENTERPRISE

Honeywell
HCE OVERVIEW

Key Highlights

HCE Organization
- Established late 2018 to accelerate software development and IIoT solutions
- Key dependencies with business groups
- 4,000+ employees with 50% of organization related to engineering and product management

Customer Value Proposition
- $100B addressable market\(^1\) in target verticals: energy, refining, petrochemical, industrial, aerospace & defense, building infrastructure
- Solving comprehensive customer problems: asset reliability, process optimization, people productivity and safety
- Expanding our customers’ frontier performance with IoT technologies

HCE Breakdown, 2018 Sales Mix
- \$1.5B
  - Cyber: 5%
  - Worker: 21%
  - Aerospace and Defense: 55%
  - Plant: 17%

Software / Services
- 64%

Associated Hardware
- 36%

HON Software / Connected Portfolio
- \~$3B
- HCE software, services, and hardware (embedded in business units)
- HCE software, services, and attached hardware
- Other connected offerings with associated hardware
  - SPS
  - PMT
  - HBT
  - Aero

Honeywell’s Journey to Become a Software Industrial
## HONEYWELL FORGE

<table>
<thead>
<tr>
<th>Customer Segments</th>
<th>HCE Installed Base</th>
<th>Industry¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airlines</td>
<td>~7K aircraft</td>
<td>~24K aircraft</td>
</tr>
<tr>
<td>Business and General Aviation²</td>
<td>4K+ aircraft</td>
<td>~33K aircraft</td>
</tr>
<tr>
<td>Defense</td>
<td>&lt;1K aircraft</td>
<td>~30K aircraft</td>
</tr>
<tr>
<td>Buildings</td>
<td>~100K operators</td>
<td>~17M buildings</td>
</tr>
<tr>
<td>Industrial / Plants</td>
<td>~4K plants</td>
<td>~15K plants</td>
</tr>
<tr>
<td>Workers</td>
<td>~50K users</td>
<td>~3B deskless workers</td>
</tr>
</tbody>
</table>

### Honeywell Forge customer value

- **Asset reliability** | Reduce maintenance costs and increase uptime
- **Operations** | Increase throughput, higher yields
- **Safety, proficiency, productivity** | Improve and maintain workforce

¹Honeywell Estimate.²General Aviation includes only turboprop engine powered aircraft

---

**Comprehensive Software Solutions for Honeywell Installed Base**
HCE AND HONEYWELL BUSINESS UNITS

Honeywell Connected Enterprise

- $100B+ addressable market\(^1\)
- Target 20%+ software sales CAGR

Target Verticals/Geographies:

- Energy, refining, petrochemical
- Manufacturing, industrial
- Airlines, business jets, defense
- U.S., Europe, China, India, Middle East

Building New Organizational Capabilities:

- Enterprise selling and customer operations / delivery
- Software product management, DevSecOps
- User interface / user experience development

\(^1\) Honeywell estimate

HCE Integrates with Business Unit Customers and Products
WHY IS HONEYWELL UNIQUE

- Connectivity as a service: making it easy to collect and clean data from IoT devices with faster install time
- Domain-driven digital twins for assets, process and people
- Open architecture to help customers get more from their existing investments
- Long-term expertise in collecting, analyzing and manipulating data
- Closed-loop execution to ensure delivery of value and results
- Trusted long-term partner

Delivered across 3 key verticals and 2 horizontals into our installed base of assets and customers

**Aero & Def.**
- 80K+ Aircraft

**Building**
- 17M Buildings

**Plant**
- 15K Plants

**Cyber**
- 6K+ Installations

**Worker**
- 50K Users

Built on and enabled by our internal developer platform

Honeywell Sentience IoT Platform
# HCE PLAYBOOK

## Integrate Apps to Grow Recurring Sales
- Refactor 120+ point solutions into five integrated applications
- Increase recurring sales by increasing software product content

## Drive Customer Adoption
- Leverage multiple deployments within Honeywell (“dogfood”)
- Establish build-with and sell-with partnerships

## Make Our Platform Easy to Use
- Build out platform with service-oriented architecture
- Optimize software R&D spend across Honeywell

## Create a New Software Culture
- New capability in product management, selling, and customer ops
- Emphasize customer obsession, entrepreneurship, and innovation

<table>
<thead>
<tr>
<th>Recurring software sales growing by 20%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing products with feedback from key reference customers</td>
</tr>
<tr>
<td>Creating 5-star developer experience</td>
</tr>
<tr>
<td>Transforming connected hubs globally</td>
</tr>
</tbody>
</table>
## CUSTOMER SUCCESS

<table>
<thead>
<tr>
<th><strong>Challenge</strong></th>
<th><strong>Solution</strong></th>
<th><strong>Impact</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lufthansa</strong></td>
<td>Optimizing flight path in-flight with approved routes for pilots to reduce fuel cost and ensure timely arrivals</td>
<td>Reduced distance flown providing direct flight paths and shortcuts to pilots through electronic flight bag software</td>
</tr>
<tr>
<td><strong>CROWN</strong></td>
<td>Transforming building management</td>
<td>Provide a premier guest experience while minimizing energy use and environmental footprint and maximizing uptime</td>
</tr>
<tr>
<td><strong>Delek</strong></td>
<td>Improving refinery throughput</td>
<td>Mature refinery starting digital transformation journey to support operational excellence initiatives and drive best practices</td>
</tr>
</tbody>
</table>

Transforming the Way Our Customers Work
## HCE Impact on Honeywell

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Faster Growth</strong></td>
<td>+ Target <strong>20%+</strong> software sales CAGR</td>
</tr>
<tr>
<td></td>
<td>+ Capitalizing on <strong>digitization trend</strong> in our industries</td>
</tr>
<tr>
<td><strong>Recurring Economics</strong></td>
<td>+ <strong>Transforming business models</strong> from perpetual license to SaaS</td>
</tr>
<tr>
<td></td>
<td>+ Creating base of “<strong>stickier</strong>” sales</td>
</tr>
<tr>
<td><strong>Lower Fixed Costs</strong></td>
<td>+ <strong>Limited infrastructure</strong> required to support scaling software business</td>
</tr>
<tr>
<td></td>
<td>+ <strong>Honeywell Sentience</strong> standardizes and accelerates new products releases</td>
</tr>
<tr>
<td><strong>Accretive to Margins</strong></td>
<td>+ Supports <strong>long-term margin expansion</strong></td>
</tr>
<tr>
<td><strong>Meaningful Contributor</strong></td>
<td>+ Target of <strong>10%+</strong> of total Honeywell sales</td>
</tr>
<tr>
<td></td>
<td>+ <strong>Catalyst</strong> for cultural shift to more customer obsession and innovation</td>
</tr>
</tbody>
</table>

**Transforming to a Software Industrial**
AERO KEY MESSAGES

**STRONG AND ACCELERATING GROWTH**
- Good positions on successful OEM platforms
- Coupled and decoupled aftermarket expansion
- Breakthroughs delivering

**IMPROVED PERFORMANCE DRIVERS**
- Benefits from commercial and sales excellence
- Contemporary machine-to-machine customer experience
- Initiatives driving improved supplier and factory performance
- Broadening working capital initiatives

**PIONEERING NEXT GENERATION**
- Urban Air Mobility investments
- Honeywell Venture Capital investments
- New product/system technologies
- New business models
- Automation/workflow technologies

Strong Profitable Growth Continues
AEROMeans BUSINESS OVERVIEW

**FINANCIAL OVERVIEW**

- 2016: $11.7B Aero Sales, $3.1B TS Sales, 20.3% Segment Margin
- 2017: $11.6B Aero Sales, $3.2B TS Sales, 22.2% Segment Margin
- 2018: $12.9B Aero Sales, $2.6B TS Sales, 22.6% Segment Margin

**GROWTH DRIVERS**
- Booked backlog with delivery in 2019 is 23% greater than prior year
- Favorable OEM mix of legacy and new aircraft across the verticals
- Aftermarket whitespace recapture continues
- Robust defense readiness/long-term demand
- Supplier excellence/expansion a key focus area
- Significant savings from prior repositioning actions

**BUSINESS OFFERINGS**

- Engines & Power Systems: 32%
- Electronic Solutions: 35%
- Services & Connectivity: 6%
- Mechanical Systems & Components: 27%

**VERTICALS**

- U.S. Defense: 27%
- Int'l Defense: 9%
- Comm'l OE: 22%
- Comm'l AM: 42%

**GEOGRAPHIES**

- North America: 64%
- APAC: 12%
- EMEA: 21%
- Rest of World: 3%

---

1. 2018 sales excluding the Transportation Systems business

Outstanding Growth, Profitability, and Cash Performance
### MARKET OUTLOOK

<table>
<thead>
<tr>
<th>Vertical</th>
<th>2018</th>
<th>2019E - 2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air Transport</strong></td>
<td><img src="image1" alt="Graph" /></td>
<td><img src="image2" alt="Graph" /></td>
</tr>
<tr>
<td>Original Equipment (DELIERIES)</td>
<td>~3%</td>
<td>4%</td>
</tr>
<tr>
<td>Aftermarket (FLIGHT HOURS)</td>
<td>~4%</td>
<td>4-5%</td>
</tr>
<tr>
<td><strong>Business Aviation</strong></td>
<td><img src="image3" alt="Graph" /></td>
<td><img src="image4" alt="Graph" /></td>
</tr>
<tr>
<td>Original Equipment (DELIERIES)</td>
<td>~2%</td>
<td>3-4%</td>
</tr>
<tr>
<td>Aftermarket (FLIGHT HOURS)</td>
<td>2-3%</td>
<td>~3%</td>
</tr>
<tr>
<td><strong>Defense</strong></td>
<td><img src="image5" alt="Graph" /></td>
<td><img src="image6" alt="Graph" /></td>
</tr>
<tr>
<td>Original Equipment (DoD and INTL BUDGET)</td>
<td>3-4%</td>
<td>3-4%</td>
</tr>
<tr>
<td>Aftermarket (O&amp;M BASE, OCO)</td>
<td>2-3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### KEY DRIVERS

- **Air Transport**
  - ~ Record production rates drive growth, but supply chain is constrained
  - + Healthy flight hour growth driving aftermarket demand
  - + Upgrades driven by mandates and demand for connectivity

- **Business Aviation**
  - + Recovery continues with new platforms and renewed international demand
  - + Steady flight hour growth due to fleet demographics
  - + Used aircraft inventory low, minimizing impact of new sales
  - - Safety mandates may decrease utilization of older assets

- **Defense**
  - + Healthy defense budget growth led by international markets
  - + MRO: short-term investments to increase readiness; upgrades and life extension
  - + Helicopter: recurring replacement for emergency/search and rescue missions
  - - DoD '20/'21 growth uncertain until budget resolved

*Source: Honeywell Market Projections; O&M: Operations and Maintenance; OCO: Overseas Contingency Operations*

**Favorable Environment Across All Verticals**

* Aerospace - May 14, 2019  
  
  3
AERO DEFENSE PORTFOLIO

WELL POSITIONED

• Solutions meet/exceed requirements for size, performance and power

• Best-in-class accuracy and precision in navigation

• Unmatched engine power density and reliability

• Highly-efficient power and thermal management systems

• Robust connectivity solutions for challenging platform applications

Excellent Position and Heritage in the Industry
AERO INSTALLED BASE GROWTH

<table>
<thead>
<tr>
<th>GROW</th>
<th>$/HOUR CONTRACT</th>
<th>44%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EXTEND</td>
<td></td>
</tr>
<tr>
<td></td>
<td>INCREASE DURATION OF CONTRACTS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GROW SERVICES SUPPORT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RETAIN ON CONTRACT</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>EXPAND SERVICE OFFERINGS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FULL HONEYWELL SUITE</td>
<td></td>
</tr>
</tbody>
</table>

STRATEGIES

- Build the pipeline to maintain long-term growth
- Reduce repair costs through value engineering
- Accelerate product development to improve product time-to-market
- Increase the number of Supplemental Type Certificates (STC) to unlock RMU Sales
- Expand used serviceable material marketplace
- Grow sales by driving campaign process/tools maturity

Sales Excellence, Pipeline, and Upgrades Accelerating Aftermarket Growth in 2019
AEROSPACE SMART INVESTMENTS

SELF-FUNDED RESEARCH AND DEVELOPMENT

3-YEAR SALES CAGR FROM INVESTMENTS

AERO GROWTH VECTORS

• Lead in emerging trends: electrification, progressive autonomy, urban air mobility
• Position core technology for adjacent industries

• Provide value-added upgrades and services
• OE partnerships to expand positions
• MRO/R&O teaming to expand the size of our market

• Maintain and grow leadership: navigation, APU, FMS, next generation avionics, engine technology insertions

Balanced Investments Driving Strong Returns

55% - 60%
30% - 35%
~10%
Unannounced
Core
Breakthrough
Growth

% of R&D Spend

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6
AERO BREAKTHROUGH INITIATIVES

TECHNICAL LEADERSHIP
- Artificial Intelligence
- MEMS Inertial Sensors
- Digital Twin

BREAKTHROUGHS
- Coating Solutions
- Hybrid-Electric Propulsion
- IntuVue™ RDR-84K Band Radar System

BUSINESS MODELS
- Honeywell Used Service Material
- Blockchain
- Third-Party Services

GROWTH ACCELERATORS
- 13 Greenhouses
- >70 New OEMs
- 40+ Technology Proof of Concepts
- 1st Blockchain Marketplace in Aerospace
- 3 New Sales Channels

Exciting Portfolio Enabling Growth Acceleration
AERO INNOVATION

INNOVATING ACROSS AEROSPACE TO DELIVER GREATER VALUE TO OUR CUSTOMERS

GoDirect™ Trade
Aviation industry’s first full-service digital online marketplace

Data Link
Seamless global 2-way communication between aircraft and ground

Connectivity Hardware
Ability to connect to fast, reliable Wi-Fi globally with JetWave™

Flight Management System
Next Generation FMS optimized for future of Air Traffic Management (ATM)

Airtime
Reseller of airtime services primarily in the business jet industry

Early Ground Proximity Warnings System (EGPWS)
Key safety feature on all aircraft

Honeywell Forge for Aero
Visualizations and closed-loop execution from data-driven insights

Urban Air Mobility (UAM)
Working with tech and transportation worlds to advance the science of flight

Honeywell Connected Enterprise
Other Software / Software with Attached Hardware
New Product / Breakthrough

Aerospace Selling Organization

Tight Integration of Both Products and Customers

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AERIAL GROWTH REGIONS

HIGH GROWTH REGION STRATEGIES

- Increase selectable win-rate, aftermarket, retrofits
- Expand reach of channel partners
- Drive connected services
- Optimum Honeywell pursuits on local platforms
- Global sources of supply

>10% of 2018 Aerospace Sales

KEY RESULTS

- China avionics win rate up ~30%; APUs on A320 family globally
- Ethiopian airlines (APU), new HonFei (flight controls) facility, HBAS carbon W&B joint venture, Brazil Service Center
- Key JetWave™ wins: SpiceJet, Ethiopian Airlines, Air Esurfing, C-17/C-130; Honeywell Forge reference customers: China Eastern, Cathay Pacific

Continue strategic partnerships:
- China OEMs (COMAC/AVIC/AECC), pursuits CR929/CJ1000 platforms
- India: HTT-40, surface TALIN, and partnerships with Hindustan Aeronautics Limited (HAL)
- Turkey: T129 ATAK and Light Utility Helicopter

Airlines and Defense Accelerate HGR Growth
LONG-TERM GROWTH DRIVERS
- Increased production rates on key platforms
- High-performance organization structure and team
- Dedicated skilled/hungry aftermarket regional teams
- Decoupled accelerating due to RMU Center of Excellence
- Connected services expanding and delivering

LONG-TERM FRAMEWORK

SEGMENT MARGIN EXPANSION
- Core business volume; increasing content per aircraft
- Growth in software, services and connectivity
- Advance sales excellence, tools and capability
- Differentiated breakthroughs, greenhouses and new product launches
- Business optimization across the value chain
- Productivity initiatives in supply chain, design-to-cost, and value engineering

Long Runway on Growth and Margin Expansion

*17 and 18 sales exclude the Transportation Systems business
*Subject to investment decisions on new OEM platforms
## AERO SUMMARY

### Performance Accelerating in 2019
- **15%** Business and General Aviation Organic Growth in 1Q
- **>20%** Connected Software Growth in 1Q
- **8%** Aftermarket Growth in 1Q; Outpacing Flight Hours

### Driving Short-Cycle Sales
- **138** Certifications
- **70** Retrofit Campaigns
- **$975M** Retrofit Sales

### Shaping the Future
- **>10%** of R&D Investments in Breakthrough Technology/Services
- **1st** Blockchain Marketplace in Aerospace
- **100%** Touchless Orders Across Aerospace

---

**Positioned for Strong 2019 and Beyond**
HONEYWELL BUILDING TECHNOLOGIES
2019 INVESTOR CONFERENCE

VIMAL KAPUR
PRESIDENT AND CEO
HONEYWELL BUILDING TECHNOLOGIES

Honeywell
**HBT KEY MESSAGES**

**GREAT POSITION GOOD INDUSTRY**

- Building automation is a large, fragmented and growing space
- Leading global positions following spin-off
- Sustained market growth faster than GDP enabled by favorable macros of urbanization, climate change and regulation

**PORTFOLIO POSITIONED FOR GROWTH**

- Unique edge-to-cloud strategy driving agile offering development, faster product introduction, higher vitality
- Continue high growth region momentum, penetration of mid-market
- Monetize large installed base with software and services
- BTI expanding addressable market and deploying new business models/disruptive offerings

**ATTRACTIVE LONG-TERM GROWTH AND MARGIN OUTLOOK**

- Favorable mix of higher margin products and services
- Leverage ISC transformation to simplify operations and improve cost
- Reduce fixed cost by 1% of sales per year
- Drive gross margin up 1% per year by deploying pricing and direct material savings

**Strong Position in Attractive Industry**

HBT - May 14, 2019
**HBT Business Overview**

### Financial Overview

<table>
<thead>
<tr>
<th>Year</th>
<th>Buildings</th>
<th>Homes</th>
<th>Segment Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$5.0B</td>
<td>$4.5B</td>
<td>17.1%</td>
</tr>
<tr>
<td>2017</td>
<td>$5.3B</td>
<td>$4.5B</td>
<td>16.9%</td>
</tr>
<tr>
<td>2018</td>
<td>$5.4B</td>
<td>$3.9B</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

### Growth Drivers

- Urbanization and climate change megatrends support continued market expansion
- HBT, post spin, is well positioned to grow profitably with a cohesive portfolio
- New products are key to sustained growth; vitality will improve 3% per year
- Strategy to improve mix to higher margin products, services and software
- Margins expand through commercial excellence, direct material savings and ISC transformation

### Business Mix

- Products: 40%
- Solutions: 45%
- Building Management Systems: 15%

### Geographies

- Americas: 40%
- APAC: 23%
- EMEA: 31%
- Rest of World: 6%

### Vertical Focus

- Healthcare
- Education
- Government
- Retail
- Hospitality
- Offices
- Banking/Data Centers
- Airports

---

1 2018 sales excluding the Homes and ADI Global Distribution business

**Positioned to Win**

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HBT WHY WE LIKE THIS INDUSTRY

COMPETITIVE SPACE

<table>
<thead>
<tr>
<th>Single Domain</th>
<th>Multi Domain</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Alhua</td>
<td>• Johnson</td>
</tr>
<tr>
<td>• Bosch</td>
<td>• Controls</td>
</tr>
<tr>
<td>• Distech</td>
<td>• Honeywell</td>
</tr>
<tr>
<td>Controls</td>
<td>• Schneider</td>
</tr>
<tr>
<td>• Genetec</td>
<td>• Electric</td>
</tr>
<tr>
<td>• Hekatron</td>
<td>• Siemens</td>
</tr>
<tr>
<td>• Hikvision</td>
<td>• United</td>
</tr>
<tr>
<td>• Legrand</td>
<td>• Technologies</td>
</tr>
<tr>
<td>• Milestone</td>
<td>• Pelco</td>
</tr>
</tbody>
</table>

WHERE HBT PLAYS

$100B TAM\(^1\), ~4% CAGR

<table>
<thead>
<tr>
<th>CAGR (%)</th>
<th>A Leading Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4 - 5</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

$100B Fragmented and Growing Market
HON plays in ~50% of the market

WHY HONEYWELL WILL WIN

Sector Leadership
Honeywell a leader in four sectors

Adjacency Expansion
Room to grow through NPI and M&A opportunities

High SaaS Growth
No established winner; leverage end-user and specifier relationships

High RMR\(^2\) Potential
Leverage installed base to grow services

Abundant Opportunity for Growth in a Fragmented Landscape

---

\(^1\)Total Addressable Market: Honeywell estimate;\(^2\) RMR: Recurring Monthly Revenue
HBT 2019 FOCUS AREAS

WHAT’S WORKING

FIRE BUSINESS
- ~$1.5B sales; profitable and growing
- Build on attractive adjacencies (e.g. advanced detection)

HIGH GROWTH REGIONS
- $1B+ sales in China, India, Middle East
- Continue >10% growth with new products

CONNECTED FOR BUILDINGS
- $0.3B sales in 2018; 30%+ growth
- Continue ramping execution to be leading software industrial for Buildings

WHAT WILL IMPROVE

ISC PERFORMANCE
- Lower on-time delivery driven by transition / electronics shortage
- Improve on-time delivery to high 90%

PROJECT EXECUTION RIGOR
- Bifurcate projects and services business model and deploy standard work (replicate HPS model)

POSITIONS WITH UPSIDE
- ~10% of portfolio grew below market; plan in place for recovery

Strong Core Business with Opportunity for Improvement

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HBT NEW PRODUCTS

STRATEGY + EXECUTION

Smart Edge
- Leverage wireless, sensing and power management capabilities
- VESDA

Key Launches:
- Advanced Smoke Detection
- Smart field devices
- Global reader

Connected Gateways
- Connect smart edge and cloud proactively
- Building Management Systems

Key Launches:
- Global Life Safety System
- BMS Connected Gateway

Cloud
- Deliver high-value applications to customers
- Honeywell Forge

Key Launches:
- Honeywell Forge
- Outcome Based Services

PROCESS EXCELLENCE

Actions
- Agile executed by fast and smart scrum teams
- Focused investment strategy on buildings is driving more than 70 exciting new product introductions in 2019

Results
- -50%
- +12%

New Offerings Enabling Enhanced Portfolio Growth

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5
Focus on five key high growth regions: China, India, Middle East, ASEAN and Latin America

Empowered local leaders

Local product development

New Cairo Administrative Capital
- Cairo, Egypt
  - Project with advanced smart city security and surveillance
  - Build integrated command and control centre

Beijing Daxing International Airport
- Beijing, China
  - Project with fire alarm, field devices and HBS software
  - 700k square meters
  - World’s largest single-terminal airport

Penetrate mass mid-segment

Distributor/installers: ~2,000
- Distributor presence: 45 → 70 cities
- Digital demand generation

Developed Markets

Developed Markets

~28%
Total HBT 2019E

~33%
Total HBT Long-Term

HGR Percentage of Total HBT Sales

HGR

12%
Sales CAGR

Developed Markets

A leading position in China, Middle East, and India

Infrastructure and Mass Mid-Segment Key to Success
EXPANDING SERVICES TO EXISTING CUSTOMERS

- Improve retention through service delivery excellence
- Increase share of wallet
  - New offerings: cybersecurity
  - Spot and retrofit expansion
- Convert to cloud-based delivery model to improve margin and retention

ONBOARD NEW CUSTOMERS FROM EXISTING INSTALLED BASE LEVERAGING CLOUD-BASED DELIVERY MODE

Mining Installed Base with Better Penetration and New Services to Drive $300M Sales
HBT INNOVATION

INNOVATING ACROSS HBT TO DELIVER GREATER VALUE TO OUR CUSTOMERS

Tridium Niagara
Open software platform that connects and translates data from nearly any device or system

Enterprise Building Integrator
Contemporary building integration suite for command and control

Outcome Based Services
Building data to unlock focused maintenance, improved operational efficiency, maximized uptime

Pro-Watch Security
Compliance access control and Integrated security management solution for the Enterprise

Honeywell Forge for Buildings
Scalable, flexible and open platform for enterprise portfolio asset management, including 3rd parties

BMS Supervisor
Sophisticated programming capability for commercial spaces

Honeywell Connected Enterprise
Other Software / Software with attached Hardware

Tight Integration of Both Products and Customers

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**HBT BREAKTHROUGH INITIATIVES**

**HIGH IMPACT BTI GROWTH**

- Breakthrough Initiative (BTI) Sales
- Core Growth Initiative Sales
- Base Business Sales

$500M+ incremental sales from BTIs

**Breakthrough Initiatives Enabling Accelerated Growth**

- **Urbanization**
  - Mass Mid-segment Patient Safety
  - Penetrate rising mid segment in HGRs
  - Reduce Hospital Acquired Infection
  - 2023E Sales: $125M+

- **Connected**
  - Integrated Security
  - Cyber Security
  - Solve G1000 GDPR Compliance and Safety problems
  - Provide protection layer for vulnerable OT networks
  - 2023E Sales: $120M+

- **Regulation**
  - Advanced Detection
  - Industrial Fire
  - Expand share and convert core detection with HON IP
  - Served addressable market: expand into under penetrated industrial sub-segment; leverage HPS
  - 2023E Sales: $400M+

- **Climate Change**
  - Smart Cities
  - Connected Small and Medium Building (SMB)
  - Deploy Buildings competencies to solve Megacity problems
  - Bring multi-domain capability to under penetrated SMB sector
  - 2023E Sales: $100M+

- **Labor Shortage**
  - Services Digitization
  - Connected Fire and Safety System
  - Digitize customer assets for software consumption
  - Disrupt slow moving space from a leadership position
  - 2023E Sales: $100M+
**HBT LONG-TERM FRAMEWORK**

**LONG-TERM GROWTH DRIVERS**
- Drive NPI vitality of 3% per year
- Grow in China, India and Middle East >10% per year
- Incubate breakthrough initiatives and add new revenue stream ($0.5B by 2023E)

**DRIVE FAVORABLE MIX**
- Grow software and services at a double-digit sales CAGR
- Use 80:20 to trim low-margin offerings
- Better align sales incentives to variable contribution margin expansion

**SEGMENT MARGIN EXPANSION**
- Leverage ISC transformation to simplify operations and improve cost
- Reduce fixed cost by 1% of sales per year
- Drive gross margin up 1% per year by deploying value capture and direct material savings

---

*'17 and '18 sales exclude the Homes and ADI Global Distribution business*

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**Well-Positioned to Deliver Profitable Growth**
HBT SUMMARY

**Deliver in 2019**
- 9% Organic Sales Growth in 1Q19
- 20% 2019E Connected Growth
- 10%+ 2019E HGR Growth

**Operational Rigor to Enable Growth**
- Delivery engine >95% On Time to Request Delivery
- Innovation engine 200 Days Cycle Time for New Products
- Sales engine >70% Sales Force Quota Attainment

**Shaping the Future with Profitable Mix (Next Three Years)**
- $500M Sales from Breakthroughs
- $250M Software Sales
- $300M Services Growth

Positioned for Strong 2019 and Beyond

HBT - May 14, 2019
PERFORMANCE MATERIALS AND TECHNOLOGIES
2019 INVESTOR CONFERENCE

RAJEEV GAUTAM
PRESIDENT AND CEO
PERFORMANCE MATERIALS AND TECHNOLOGIES

Honeywell
PMT KEY MESSAGES

STRONG 2019 OUTLOOK
• Ending 2018 backlog up 10% organically
• Breakthrough initiatives growing more than 40% year-over-year
• Well positioned to perform through all oil and gas cycles

PORTFOLIO POSITIONED FOR GROWTH
• HPS transforming automation market with digital offerings
• UOP unique technology positions in petrochemicals, natural gas and clean fuels
• New Solstice® and Aclar® applications

LONG-TERM SEGMENT MARGIN EXPANSION
• Expanding high-value connected and outcome-based solutions
• Continued supply chain productivity and fixed cost optimization
• Growth in aftermarket and services, and monetization of installed base

Driving Sales Growth and Improving Profitability
Well Positioned for Growth and Margin Expansion

### PMT BUSINESS OVERVIEW

#### FINANCIAL OVERVIEW

- **2016**
  - Sales: $10.4B
  - Segment Margin: 20.2%

- **2017**
  - Sales: $10.3B
  - Segment Margin: 21.3%

- **2018**
  - Sales: $10.7B
  - Segment Margin: 21.8%

#### GROWTH DRIVERS

- Strong automation orders growth with services pull through
- Robust high growth region performance, led by continued growth in China
- Expansion of Solstice low-global-warming-potential applications
- Growth in petrochemicals through integrated refining technologies
- Accelerating adoption of connected and software offerings

#### BUSINESS BREAKDOWN

- **PMT**
  - Upstream: 11%
  - Midstream: 23%
  - Downstream: 48%
  - Other: 11%

- **Components**
  - Oil, Gas and Petrochemicals: 50%
  - Mining and Pulp and Paper: 16%
  - Refrigerants and Foams: 11%
  - Chemicals: 7%
  - Utilities: 5%

#### NEW PRODUCT SALES VITALITY

- Sales from New Products Introduced in last 3 Years (NPI): 37%

- Solving Contemporary Customer Problems

#### CAPTURING RESILIENT OPEX SPEND

- CapEx Driven Sales
- OpEx Driven Sales
- 62% of PMT Sales

**Figures and charts represent 2018**
PMT STRONG GROWTH IN ALL MARKETS

PMT SEGMENT PROFIT VS OIL PRICE

Strong Segment Profit in All Oil & Gas Cycles

Brent Oil Price Average

2013 $109
2014 $99
2015 $52
2016 $44
2017 $54
2018 $71
2019E $66-72

WHY WE WILL CONTINUE TO GROW

Expansion of aftermarket, recurring software and services in HPS and UOP

Environmental regulations driving investment in clean fuels, low-global-warming-potential solutions and renewables

Continued petrochemical growth driven by middle class in high growth regions

Acyclical growth in Advanced Materials

Brent oil price source: EIA projections and historical data

Less Cyclicality, Continue to Outperform in All Market Conditions

PMT – May 14, 2019
PMT BREAKTHROUGH INITIATIVES

KEY BREAKTHROUGH INITIATIVES

>40% YoY Growth

New Adjacencies and Verticals

- Pharma and specialty chemicals
- Renewables and distributed assets
- Hydrotreating catalysts

~$560M Sales in 2023

Outcome-Based and New Business Models

- Catalyst outcome-based business model
- Plant and personnel safety
- UOP equipment aftermarket

~$460M Sales in 2023

Innovative Technologies and Products

- Bottom-of-the-barrel solutions
- Alkylation platform
- Stationary refrigeration

~$380M Sales in 2023

HIGHLIGHTS

PHARMA AND SPECIALTY CHEMICALS

25% YoY Growth

Improving operational performance and regulatory compliance through innovative batch control technologies and software

PLANT AND PERSONNEL SAFETY

20% YoY Growth

Centralizing customers safety control systems, adding real-time data to improve worker safety and reduce operational risk

Breakthrough Initiatives Enabling Significant New Growth

PMT – May 14, 2019
PMT NEW GROWTH VERTICALS

<table>
<thead>
<tr>
<th>HEALTHCARE</th>
<th>DECARBONIZATION</th>
<th>NEW ENERGY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$5B</strong> TAM Expansion</td>
<td><strong>$7B</strong> TAM Expansion</td>
<td><strong>$20B</strong> TAM Expansion</td>
</tr>
</tbody>
</table>

**CHANGING DEMOGRAPHICS AND INCREASINGLY STRINGENT REGULATIONS**
- Healthcare Packaging
  Advanced materials that deliver stability and security for pharmaceutical packaging
- Pharma / Batch Automation
  Advanced control technologies to meet increasing regulatory requirements

**GLOBAL REGULATIONS DRIVING TRANSITION TO LOW CARBON AND SUSTAINABLE SOLUTIONS**
- Thermal Management
  Cooling and material technologies for electric vehicles
- LGWP New Applications (Stationary and Personal Care)
  Acceleration of HFO solutions in new applications

**ELECTRIC VALUE CHAIN SHIFTING TOWARDS RENEWABLES AND NATURAL GAS**
- Cloud-Based Control Systems
  for renewables, solar and wind management
- High Ethane Recovery
  Multiple technologies within the natural gas value chain

TAM: Total Addressable Market
Source: ARC Research, IHS, Frost & Sullivan, and Honeywell Internal Estimate

Earlier customer engagement | Faster development and commercialization | Greater customer value

Continuous Customer Discovery and Agile Development

PMT – May 14, 2019
PMT INNOVATION

SOFTWARE ENABLING SERVICES AND DRIVING GROWTH

Asset Reliability and Efficiency
Improve throughput and yield

Cyber Security Services
Defend the availability and safety of control systems and plant operations

Skills and Competency Management
Real-time operator knowledge

Worker Productivity and Workflow
Automate procedures and improve competency

Process Control and Performance
Automation solutions and lifecycle management

Adjacency Expansion
Enhanced quality, safety and risk management into new verticals

Outcome-Based Solutions
Lower risk, reduce total cost of ownership

Connected Services
Real-time performance data and analytics to improve cost and uptime

Honeywell Connected Enterprise
Other Software / Software with Attached Hardware
New Product / Breakthrough

PMT Selling Organization

Refining/Petrochemicals
OMV
Delko
WANHUA

Exploration & Production
Lundin

Gas Processing
CAPROCK MIDSTREAM
CURETON MIDSTREAM

Manufacturing
Sasol
ALCOA

Accelerating Connected in 2019 to Deliver More Than 20% Growth
## PMT Case Studies

### Connected Assets

**$5B TAM**

- Improve asset performance and reliability with digital twins to monitor performance and asset health, helping to avoid critical asset failures

### Independent Oil & Gas Company Case Study

**Customer Challenge**

- Avoidance of equipment issues that cause slowdowns and shutdowns
- Better tradeoffs between maintenance and process workarounds

**Solutions and Results**

- Honeywell Forge Industrial Solutions monitors the performance and equipment health of over 100 assets
- Reduced unplanned downtime by ~2-3% using predictive analytics
- Reduced asset energy losses saves over $3M per year and reduces CO₂ emissions

### Connected Process

**$2B TAM**

- Cloud-based service to monitor, predict, and improve plant performance and guided insights to achieve peak process performance

### Large Aromatics Complex Case Study

**Customer Challenge**

- Difficult to maintain world-class operations with high personnel turnover
- Aging complex requires more maintenance, challenging to prioritize work

**Solutions and Results**

- Leverage Honeywell Forge Industrial Solutions to move from break-fix to proactive process reliability
- Use of digital twin to improve constraint management, overall yields
- Uncovered $10M per year in operational improvements and increased overall throughput

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TAM source: ARC Research

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PMT – May 14, 2019

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PMT HIGH GROWTH REGIONS

CONTINUING TO WIN IN HGRS

HGR % of Total PMT Sales 37% 2018
HGR Growth 2019 - 2023 8% CAGR

HGR GROWTH LEVERS

- Supply Chain Localization – East-for-East and East-to-Rest catalysts manufacturing, local partnerships for refrigerants, PE wax and fiber
- New Product Development and Mid-Market Growth – Driving mid-market growth with locally-sourced meters, thermal solutions and new blends for additives and chemicals
- Sales and Channel Expansion – Increasing share of demand with sales and channel deployment in other HGRs and China Tier 2 cities
- Expanding Engineering Centers of Excellence – India, China, Kingdom of Saudi Arabia, Eastern Europe

Increasing Localization of Supply Chain, New Products and Sales
PMT COMPREHENSIVE GAS OFFERING

**Upstream**
- Gathering
- Treatment & Processing
- Production

**Midstream**
- Compression Station
- Gas Pressure Reducing Skid
- Gas Treatment
- Gas Processing
- Storage

**Downstream**
- Power Plant
- City Gas Station
- Refinery
- Petrochemical
- Industrial Plant
- Other Large Industrial, Thermal Combustion

---

**Optimized Recovery**
- Natural Gas
  - Conventional (Onshore & Offshore)
  - Unconventional
- Crude Oil

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**KEY COMPETENCIES**

- Integrated portfolio in gas treatment, processing technologies and sulfur recovery
- Comprehensive automation with DCS offerings (LNG, gas plant, downstream units)
- Instrumentation including gas metering and regulators serving transmission, distribution, consumption
- Integrated automation and software to improve throughput, people competency and safety
- LNG value chain offerings in liquefaction, marine, terminal, regasification and storage
- Low NOx burners and burner management systems for gas combustion

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PMT Growing 1.5x Market with Strong Position in Integrated Value Chain

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PMT – May 14, 2019
**PMT GROWTH ACROSS THE PORTFOLIO**

**UOP: TECHNOLOGY ENABLING ENERGY PIVOT FOR CUSTOMERS**

**Petrochemical Growth**

- **Key Offerings**
  - Heavy Oil upgrading
  - Leading petrochemical technologies

- **Customer Value**
  - Maximize value of each barrel
  - High efficiency and rate of return

**Digital Transformation**

- **Key Offerings**
  - Honeywell Forge
  - Outcome-based services

- **Customer Value**
  - Higher uptime
  - Guaranteed performance, yield and efficiency

**Changing Energy Mix**

- **Key Offerings**
  - Modular gas treating
  - LNG pretreatment
  - Renewable and clean fuels technologies

- **Customer Value**
  - Integrated solutions that optimize gas recovery
  - Cost effective sulfur reduction and management

**AM: EXPANDING PLATFORM WITH CORE TECHNOLOGY**

**Solstice Expansion**

- **Expand TAM by $7B**
  - Conversion of Stationary AC market (N41)
  - Entry into adjacent spaces: Personal Care, XPS foam

- **Customer Value**
  - GWP reduction
  - Higher cooling efficiency and performance
  - Near drop-in replacements

**Spectra Fibers Expansion**

- **Steel-to-Fiber Conversion**
  - Medical fibers
  - High Performance Ropes

- **Customer Value**
  - Better performance in a lightweight – high strength product

**Healthcare Packaging**

- **Expand TAM by $2B**
  - Medical bags and vials

- **Customer Value**
  - Ensures efficacy of biological therapies
  - Resiliency in cryogenic temperatures and compatibility with Gamma sterilization

**HPS: DIGITIZATION UNLOCKING VALUE**

**Digitization of Services**

- **Connected Services Offering**
  - Utilize connectivity and analytics to drive remote service offerings.

- **Customer Outcomes**
  - Improved real-time visibility and optimization of operations
  - Achieve reduction in maintenance costs

**Digitizing Migrations**

- **Digitization Offering**
  - Complete lifecycle management solution (Migrations, ELCN)

- **Customer Value**
  - Infinite system longevity
  - Lowest total cost of ownership, preservation of IP, lowest risk

---

**Strong Portfolio, Positioned to Perform Through Oil and Gas Cycles**
PMT LONG-TERM FRAMEWORK

LONG-TERM GROWTH DRIVERS

- Extend leadership in Solstice mobile air conditioning, expand in stationary and new applications
- Leverage strong position in petrochemicals licensing, equipment and catalyst
- Software transformation to fully deploy Honeywell Forge Industrial Solutions across installed base and adjacent markets

SEGMENT MARGIN EXPANSION

- Grow highly accretive aftermarket and outcome-based services across the project lifecycle
- Continued procurement savings from value engineering and localized sourcing
- ISC productivity and optimization of products businesses
- Growth from new high-value offerings

Long Term BTIs include current, future and graduated initiatives since 2017

Focus on Strategic Growth Drivers; Delivering Continued Margin Expansion
## PMT SUMMARY

### Accelerating in 2019
- **Double-Digit**
  - Orders Growth in Process Solutions in 1Q
- **>20%**
  - Connected Enterprise Growth
- **12%**
  - Backlog Growth in 1Q

### Growth Drivers
- **>10%**
  - Digitalization of Migrations and Services Sales CAGR
- **HSD**
  - Petrochem / Refinery of the Future Sales CAGR
- **15%**
  - Solstice Sales CAGR

### Shaping the Future
- **~25%**
  - Sales from BTI Programs
- **~15%**
  - Connected Enterprise Sales CAGR
- **~25%**
  - Segment Margin and Reduced Cyclicaliry

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Positioned for Strong 2019 and Beyond
SAFETY AND PRODUCTIVITY SOLUTIONS
2019 INVESTOR CONFERENCE

JOHN WALDRON
PRESIDENT AND CEO
SAFETY AND PRODUCTIVITY SOLUTIONS

Honeywell
SPS KEY MESSAGES

**POSITIVE OUTLOOK WITH STRONG TAILWINDS**

- $1B+ long-cycle backlog and demand coupled with e-commerce growth
- Additional tailwinds from uptake in industrial sensing and stricter safety regulations
- Focused strategy to reinvigorate growth in Productivity Products

**BROAD PORTFOLIO POSITIONED FOR GROWTH**

- Accelerating device-related software and services business
- Robust pipeline of connected solutions and breakthrough initiatives, growing 25%+ in 2019
- Leveraging strategic M&A and ventures to strengthen core portfolio

**LONG-TERM SALES GROWTH AND MARGIN EXPANSION**

- Increased penetration of higher-margin service and outcome-based offerings
- Maintaining double-digit growth in HGRs
- Annual productivity from sourcing, freight, value engineering and sales efficiency

Positioned to Deliver Strong Growth and Margin Expansion

SPS - May 14, 2019
SPS Business Overview

Financial Overview

- Sales 2016: $4.6B
- Segment Margin 2016: 14.7%
- Sales 2017: $5.6B
- Segment Margin 2017: 15.1%
- Sales 2018: $6.3B
- Segment Margin 2018: 16.3%

Growth Drivers

- Tailwinds from alignment to fast growing sectors such as e-commerce, high-risk safety, and sensing.
- Intelligrated radically transforming warehouse automation through Momentum WES Software, Connected Assets, Lifecycle Service Solutions, and Robotics.
- Double-digit growth in China, India, and other high growth regions.
- Connected solutions and other breakthrough initiatives expected to grow 25%+ in 2019, adding $1B by 2023.

Business Breakdown

- Safety Solutions: 36%
- Productivity Solutions: 23%
- Sensing and IoT: 14%
- Warehouse Automation: 27%

Verticals

- Warehousing and Distribution: 32%
- Utilities: 8%
- Oil & Gas: 6%
- Transportation and Logistics: 8%
- Retail Goods: 9%
- Industrial and Manufacturing: 22%
- Other: 15%

Sales Mix

- Long-Cycle: 25%
- Short-Cycle: 75%

Robust Portfolio Spanning Multiple High-Growth Verticals

Figures and charts represent 2018.
SPS PORTFOLIO

SAFETY SOLUTIONS
- Fall protection, respiratory, personal protective equipment and gas detection
- Safety software, services, consulting, training
- Current addressable

PRODUCTIVITY SOLUTIONS
- Mobile computers, printers, data capture devices, and software solutions to improve worker productivity
- Incremental software and services
- Current addressable

SENSING AND IOT
- High-precision sensors, switches and controls
- Additional measurands, sensing technologies, IoT applications
- Current addressable

WAREHOUSE AUTOMATION
- Systems, software and services to improve warehouse efficiency
- Geographic expansion, robotics, connected systems
- Current addressable

CONNECTED SOLUTIONS
- CONNECTED DISTRIBUTION CENTER
  - 40% reduction in unplanned downtime
  - 75% improvement in lost productivity
- CONNECTED WORKER
  - 20% reduction in safety incidents
  - 30% increase in worker productivity
- CONNECTED LOGISTICS
  - 10% reduction in freight loss
  - 20% increase in workflow productivity

Significant Addressable Market with Expansion Opportunities

Source: Internal HGN Estimates

TAM: Total Addressable Market | Sources: Frost & Sullivan, Verdantix, Grandview, VDC Research, BCC Research, Yole, IHS Markit Strategy&, QYR Research, GIR, IndustryArc

SPS - May 14, 2019
### SPS MACRO TRENDS

<table>
<thead>
<tr>
<th>E-COMMERCE</th>
<th>SENSING</th>
<th>SAFETY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global e-commerce sales growing at 15% CAGR through 2023&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Smart sensors growing at 15% CAGR through 2023&lt;sup&gt;4&lt;/sup&gt;</td>
<td>Global tightening of safety regulations driving increased level of investment</td>
</tr>
<tr>
<td>Average click-to-door speed less than 1 day by 2023&lt;sup&gt;2&lt;/sup&gt;</td>
<td>IoT sensors for industrial automation growing at 30% CAGR through 2023&lt;sup&gt;5&lt;/sup&gt;</td>
<td>EHS* fines will be &gt;65% higher than cost of compliance&lt;sup&gt;7&lt;/sup&gt;</td>
</tr>
<tr>
<td>U.S. new e-commerce warehouse space increasing by 240M sq. ft. through 2023&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Industrial connected devices growing at 23% CAGR through 2023&lt;sup&gt;6&lt;/sup&gt;</td>
<td>Penalty cost per serious violation increased by 4X since 2009&lt;sup&gt;8&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

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1: eMarket<sup>er</sup> 2: Rakuten Intelligence 3: CBRE 4: Mordor Intelligence 5: BCC Research 6: IHS 7: Ainnie Health & Safety 8: OSHA

* Environment, Health, and Safety
SPS WAREHOUSE AUTOMATION

STEADY GROWTH TREND

~18% Intelligrated IRR

~2x Sales Growth Since Acquisition

Continued Double-Digit Growth


INVESTMENTS TO DATE

- Leading Chinese warehouse management system
- Expanding within China as well as globally

- Expands SPS coverage and presence in Europe
- Broadens Intelligrated portfolio as leader in curved conveyors

Access to leading AI and robotics capabilities
- Partnership in developing advanced robotics solutions

Voice-directed work for key distribution center workflows
- Improves picking, replenishment, counting, receiving

BUILDING ON STRONG FOUNDATION

$7B+ installed base served by 800+ engineers and techs
- 60% of top 100 global retailers are customers

500K+ voice-enabled warehouse workers
- 25B+ packages per year sorted on HON sliding shoe sorters

Outstanding Integration with Headroom for Growth

IRR for Intelligrated only
Sales growth includes Voice and Transnorm

SPS - May 14, 2019
<table>
<thead>
<tr>
<th>MARKET ACTIVATION</th>
<th>NEW PRODUCT LAUNCHES</th>
<th>CHANNEL PROGRAM RESET</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Focusing on winning in <strong>key verticals</strong>: Warehousing and Distribution;</td>
<td>• Driving core growth through <strong>lifecycle refreshes</strong> of Voyager and Xenon barcode</td>
<td>• Launched new Go! VAR <strong>loyalty program</strong> on May 1</td>
</tr>
<tr>
<td>Transportation and Logistics; Healthcare</td>
<td>scanners</td>
<td>• Kicking off 10+ city <strong>U.S. roadshow</strong> mid-May</td>
</tr>
<tr>
<td>• Addressing unique vertical market needs through <strong>tailored solutions</strong>: new</td>
<td>• Creating new category with integrated printing and barcode verifier (PX900)</td>
<td>• Implementing attractive new <strong>channel program enhancements</strong> starting July 2019</td>
</tr>
<tr>
<td>healthcare releases for CT40 and CT60 mobile computers; end-to-end solution</td>
<td>• Launching new offerings in <strong>operational intelligence</strong> in 2H19</td>
<td></td>
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<tr>
<td>packs</td>
<td>• Investing in device-related and cloud-based <strong>application software</strong></td>
<td></td>
</tr>
<tr>
<td>• Better utilizing <strong>digital tools</strong> and <strong>inside sales</strong> to improve demand gen</td>
<td>• <strong>Self-service</strong> kiosk to enable reverse logistics</td>
<td></td>
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<tr>
<td>activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Leveraging <strong>Intelligrated installed base</strong> to drive sell-through</td>
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</tbody>
</table>

SPS PRODUCTIVITY PRODUCTS

Focused, Three-Pronged Strategy to Drive Business Growth
SPS GROWTH VECTORS

SOURCING / MANUFACTURING

CURRENT OFFERINGS
- Barcode scanning
- Print / apply media
- Mobile computing
- Palletizing robotics

GROWTH VECTORS
- Manufacturing IoT
- Test and measurement

LOGISTICS

CURRENT OFFERINGS
- FLUX TMS
- Freight monitoring
- Route / delivery software
- Track and trace

GROWTH VECTORS
- Supply chain execution software
- Telematics

DISTRIBUTION CENTER

CURRENT OFFERINGS
- Momentum WES
- FLUX WMS
- Material handling
- Labor management

GROWTH VECTORS
- Robotics
- Automated storage and retrieval

RETAIL

CURRENT OFFERINGS
- POS scanning
- Mobile computing
- Application software
- Device management

GROWTH VECTORS
- Cashier-free stores
- Distributed order management

LAST-MILE DELIVERY

CURRENT OFFERINGS
- Package delivery device
- Direct store delivery software
- RFID tracking
- Fleet maintenance

GROWTH VECTORS
- Delivery planning and optimization
- Reverse logistics

Driving a Comprehensive, End-to-End Portfolio Approach
SPS CORE GROWTH EVOLUTION

SAFETY SOLUTIONS

Platforming and Connected Devices

- Game-changing hearing protection platform with cloud service for exposure data
- Next-generation electrical safety platform utilizing RFID tags and asset management software

SENSING AND IOT

Smart Sensing Solutions in Targeted Verticals

- Miniaturized disposable pressure sensing solutions enabling new medical IoT use cases
- Industrial vehicle attitude sensor to increase autonomy and operator efficiency

PRODUCTIVITY SOLUTIONS

Next-Gen Android Platforms, Software, and Solutions

- Voice-guided work on Android opening new markets in small- and medium-business segment
- 75+ apps on Honeywell Marketplace and 7 new mobility software applications for device optimization and worker productivity

WAREHOUSE AUTOMATION

Outcome-Based Services and Solutions

- Expanding lifecycle services to underserved base; growing yield by 2X
- Connected Assets monitoring delivering $1M+ in increased sales and decreased labor costs

$250M in New Platform Offerings

$500M TAM in Medical and Auto

$2B TAM in SW and Solutions

$300M Additional LSS Opportunity

Evolving and Expanding the Core Portfolio

2 VDC Research; 3 Honeywell estimates
SPS BREAKTHROUGH INITIATIVES

SMART ROBOTICS

Developing AI-based robotics platform for advanced supply chain solutions
- Partnership with Carnegie Mellon
- Robotic packet picking for sorter induction
- Robotic truck unloader at dock door

BIOSENSING

Advanced textiles with integrated sensors and machine learning algorithms
- Physiological monitoring of stress and fatigue levels for high-risk workers
- Predictive analytics to prevent accidents, reduce workplace injuries

MACHINE LEARNING/AI

Edge intelligence software for real-time analytics on sensors and devices
- Scan engine optimization
- Mobile device computing analytics
- Automated barcode reconstruction
- Damaged parcel detection

SMART GAS SENSING PLATFORM

Next-generation gas sensor for all gas types
- Onboard device diagnostics capability
- Safety Suite cloud software for fleet device management and optimization

TAM

$2B TAM^1

$2-3B TAM^1

$2B TAM^2

$1-2B TAM^3

1 BCC Research; 2 Markets&Markets; 3 Frost & Sullivan; Honeywell estimates

Actively Integrating Intelligence and Data Analytics

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SPS CONNECTED OFFERINGS

CONNECTED ASSETS

Predictive Asset Monitoring
- Automated maintenance planning
- Cloud-based fault detection and remote alerts
- $1M+ value annually per distribution center

$300M+ Opportunity

CONNECTED DISTRIBUTION

Integrated Warehousing and Logistics Solution
- Combines FLUX WMS with new HON Transportation Collaboration Platform
- Enables improved order management, inventory transparency, and delivery tracking
- Customer validation with Shensy Logistics in China

$400M+ Opportunity

Internal Innovation Engine Creating New Revenue Streams

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SPS INNOVATION

LEVERAGING SOFTWARE TO DELIVER GREATER VALUE TO OUR CUSTOMERS

Honeywell Forge Operator Rounds
Partnering with Connected Plant to provide closed loop execution

Connected Distribution
Improving processes and reducing headcount to operate distribution centers

Direct Store Delivery
Support retailers through pre-sales, distribution, and delivery

Industrial Sensors
Advanced sensors designed for industrial equipment, medical, aerospace

Biosensing
Textiles with integrated sensors and machine learning for worker monitoring

Smart Gas Sensing
Next-generation gas sensor platform for all gas types

Smart Robotics
Partnership with CMU on AI-based robotics for advanced supply chain solutions

Machine Learning / AI
Edge intelligence software for real-time analytics on sensors and devices

Tight Integration of Products, Services and Customer Needs
**SPS HIGH GROWTH REGIONS**

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**CHINA / INDIA BLUEPRINT FOR HGR GROWTH**

- Investing in country leadership, commercial resources, new channels
- Enhancing global portfolio by integrating and embracing East-to-Rest offerings

**New Recipe for Innovation in India**

- Accelerating ideation and NPIs focused on $1B underserved mass mid-segment
- Expanding selling presence beyond Tier 1 cities

**Maintaining Strong Growth Trajectory in China**

- Continued localization of Productivity Products, SIoT, and Intelligrated roadmaps to meet China market needs
- Fully empowered local team; focused on decreasing cost and time-to-market by 3-4X

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**Sustained Double-Digit Growth From China, India, Other HGRs**

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**EAST-FOR-EAST SALES**

- 40%+ CAGR

**EAST-TO-REST SALES**

- 35%+ CAGR

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**Other HGRs**

**India**

- ~20%+ CAGR

**China**

- ~15%+ CAGR

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2018 | 2019E | Long-Term
---|---|---

**Taking Proven Blueprint to Rest of HGRs**

**Other HGRs**

- ~10%+ CAGR

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SPS - May 14, 2019
SPS LONG-TERM FRAMEWORK

LONG-TERM GROWTH DRIVERS

- Continued growth and global expansion of Intelligrated platform; doubling sales by 2023
- New software solutions for safety, distribution centers, and logistics
- East-for-East offerings targeting large and growing mass mid-segment; proactive East-to-Rest deployment with HGR speed and innovation

SEGMENT MARGIN EXPANSION

- Increased penetration of higher-margin services and outcome-based offerings; differentiated new product launches
- ~50 bps annual productivity on sourcing, freight, conversion cost, value engineering; sales productivity improvements
- Continued execution on ISC simplification; targeting 1% annual fixed cost reduction

Mid-Single Digit Organic Sales Outlook with $1B Upside by 2023
**SPS SUMMARY**

<table>
<thead>
<tr>
<th>Deliver in 2019</th>
<th>10%</th>
<th>DD+</th>
<th>&gt;30%</th>
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<tbody>
<tr>
<td>Organic Sales Growth in 1Q19</td>
<td>China, India Sales Growth in 1Q19</td>
<td>Intelligrated Backlog Year-End 2018</td>
<td></td>
</tr>
</tbody>
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<thead>
<tr>
<th>Growth Drivers</th>
<th>15%</th>
<th>30%</th>
<th>&gt;2X</th>
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<tr>
<td>Global E-Commerce CAGR through 2023¹</td>
<td>Industrial Automation Sensors CAGR through 2023²</td>
<td>HGR Growth vs. Real GDP</td>
<td></td>
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<table>
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<tr>
<th>Shaping the Future</th>
<th>25%+</th>
<th>$1B</th>
<th>18 – 20%</th>
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<tr>
<td>Connected / Breakthrough Growth</td>
<td>Connected / Breakthrough Upside by 2023</td>
<td>Long-Term Segment Margin Target</td>
<td></td>
</tr>
</tbody>
</table>

¹: eMarketer 2: BCC Research

**Positioned to Deliver in 2019 and Beyond**
SUPPLY CHAIN TRANSFORMATION
2019 INVESTOR CONFERENCE

TORSTEN PILZ
SENIOR VICE PRESIDENT AND
CHIEF SUPPLY CHAIN OFFICER

Honeywell
Embarking on a Journey Toward the Supply Chain of the Future

Streamline Supply Chain
Seamless, Touchless Integrated Planning
World-Class Procurement
Data, Analytics, and Digital Supply Chain
Talent Excellence

- Lean, asset-light supply chains that are flexible and capable
- Meet customer expectations for flawless delivery
- Adoption of disruptive technologies including Industry 4.0 driving next wave of integrated supply chain automation and digitization
- Develop and inspire talent to become the next world-class supply chain

Optimizing Honeywell’s Operations
COMPLEX SUPPLY NETWORK TODAY

Content Intentionally Omitted

Current Network is Complex and Lacks Sufficient Scale
STREAMLINE SUPPLY CHAIN

• Optimize through simplified supply chain network for manufacturing and distribution

• Create “flexible capacity” to prepare for future acquisitions and production requirements

• Redeploy resources into core processes, products, and technologies

• Continued margin expansion through fixed cost reductions and improved working capital

Creating an Agile, More Flexible Network Focused on Core Capabilities
SEAMLESS, TOUCHLESS INTEGRATED PLANNING

• Every gold business enterprise and plant has **synchronized** demand-supply-production plans

• Planning **excellence** to increase delivery performance and drive inventory balances down

• Sandboxed systems for **rapid** implementation of scenario planning

• Vendor Managed Inventory (VMI)/pull replenishment efforts will **reduce inventory**

>95%

ON TIME IN FULL DELIVERY

INVENTORY

$1B

Reduction in Cycle Time, Significant Cash Generation
**World-Class Procurement**

- Procurement **is** the **productivity engine**, achieving savings above the rate of inflation through engineering and supplier innovation **globally**

- World-class **strategic supply base management** that is global and leverages our total spend

- Significant **working capital efficiency and terms improvement** that frees up cash in the supply chain

- Frictionless procurement process through **digital process automation**

- **Eliminating buying complexity** with strong controls

---

**Example**

**Pilot Project: Robotic Process Automation (RPA) in Procurement**

- Problem Statement: manual processes, reporting and data entry required several resources

- Solutions: completed implementation of 10 RPA projects ranging from reporting automation to pay terms synchronization

- Benefits: saving 6,000+ resource hours, $500K in working capital improvement, and 5-10% increase in supplier on-time to request

---

**Driving an Additional 100 bps of Material Productivity**
DATA, ANALYTICS AND DIGITAL SUPPLY CHAIN

• Moving to more **agile, real-time** and **lean** supply chain resulting in waste elimination, higher reliability and efficiency

• Strong **data-and metrics-driven** decision making through **analytics**

• Leverage **Honeywell Forge for Industrials** to gain insights into manufacturing processes

• Fully embrace **digital supply chain** to create **agility** and end-to-end visibility

• **Rigorous** master data management with dedicated resources to have **high-quality** data to analyze

---

Pilot Project: Connected Factory (IIoT) in Greer, SC

**PROBLEM STATEMENT:** low yields, high cost of poor quality and long cycle times

**SOLUTION:** completed a site-wide, end-to-end IIoT implementation leveraging Honeywell’s connected-factory expertise

**BENEFITS:** reduction in scrap, yield improvements resulting in $11M cost savings equal to 120% return on investment in first year

---

Building a Roadmap for a Connected Supply Chain

Supply Chain Tranformation – May 14, 2019

Preliminary – not final – no decision will be taken without satisfaction of any applicable consultation or negotiation requirements
• Addressing supply chain resource challenges by investing in **human capability** to infuse the organization with new talent

• Hire, retain and promote the **best supply chain professionals** across the globe

• Build and **enhance capability** of workforce through Honeywell Supply Chain Academy

• Infuse and develop **leaders of tomorrow** across organization through early career programs

• Aligning **functions** and **leadership** to drive key initiatives – inventory, working capital, operational excellence

---

**NEW SUPPLY CHAIN WILL REQUIRE DIFFERENT SKILLS AND CAPABILITIES**

Honeywell Supply Chain Academy

- Leadership Development
- Supply Chain Functional Expertise
- Corporate Six Sigma Lean Programs
- HOS Immersion
- Leadership Kaizen

---

**Developing World-Class Supply Chain Talent**
## Supply Chain Summary

### Building Capability
- Synchronized Demand, Supply, and Production Planning
- Investment in IIOT, Robotics, and Automation Technologies
- Launch of Honeywell Supply Chain Academy

### Accelerating Achievement of Results
- >95% On Time In Full Delivery
- 50% Reduction in Raw Material Inventory
- $1B Material Productivity

### Transforming for the Future
- Simplified Manufacturing and Distribution Footprint
- 95% of Procurement Process Automated
- <2% Sales for Total Cost of Logistics

---

*2019 is the “Year of Integrated Supply Chain”*
HONEYWELL DIGITAL
2019 INVESTOR CONFERENCE

GREG LEWIS
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

KEN STACHERSKI
VICE PRESIDENT, ENTERPRISE
BUSINESS TRANSFORMATION

Honeywell
DIGITAL CURRENT STATE

“Manual” Today

• Limited proactive insights to business performance
• Partially automated processes
• Poor data quality, difficult to get, data governance needs more rigor
• Complex IT landscape
  - ~2,200 applications in 2016, ~1,400 in 2018
  - 1,500 websites in 2016, 421 in 2018
  - 148 ERP systems in 2015, 71 in 2018

“Digital” Tomorrow

Transform Process, Data, and Technology

• Data-driven insights
• Consistent, touchless processes
• High-quality, governed, accessible data
• Integrated technology stack
  - ~750 applications
  - 25 websites
  - 10 core ERP systems

Simplified Integrated Landscape with Standard Process and Data
HONEYWELL’S TRANSFORMATION EVOLUTION

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (B)</th>
<th>Segment Margin</th>
<th>2003</th>
<th>2008</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$23.1B</td>
<td>10.9%</td>
<td>~50 bps/year average</td>
<td>+240 bps</td>
<td>+300 bps</td>
<td>+330 bps</td>
</tr>
</tbody>
</table>

### 2002 - 2016

**HOS**
Focus on lean / manufacturing operations

**FUNCTIONAL TRANSFORMATION**
Focus on back office support – functional process / cost

**HOS GOLD**
Common framework for businesses to operate
Focus on breakthrough growth

**ENTERPRISE INFORMATION MANAGEMENT (EIM)**
Pivot transformation focus to front-end
Master data management – enterprise level
Digital capability emphasis / data analytics

**SPINS / PORTFOLIO TRANSFORMATION**
Completed 2 spins in <12 months
Interdependencies between functions enabled speed
Simpler, more focused portfolio

### 2017 - 2018

**HONEYWELL DIGITAL TRANSFORMATION**

- Differentiated customer experience
- Data-driven decisions
- Operational efficiency

**Optimizing Digital Footprint and Infrastructure**

Honeywell Digital – May 14, 2019
**DIGITAL BUILDING BLOCKS**

<table>
<thead>
<tr>
<th>Honeywell Business Models</th>
<th>Predominant business models; how we compete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust Data Management</td>
<td>Data governance discipline leveraging automation; data as an asset culture</td>
</tr>
<tr>
<td>Simpler Scalable Processes</td>
<td>Global design models with every digital deployment</td>
</tr>
<tr>
<td>Connected Systems</td>
<td>Integrated technology stack; standard platforms enabling lower cost with agile deployment</td>
</tr>
<tr>
<td>Digital Capabilities</td>
<td>Real-time online access, AI machine learning, data analytics capabilities</td>
</tr>
</tbody>
</table>

**Create Scalable Enterprise Capabilities Enabling Growth**
POTENTIAL FINANCIAL BENEFITS

<table>
<thead>
<tr>
<th>Predominant Benefit</th>
<th>Process, Platform Scale</th>
<th>Run-Rate Potential</th>
<th>Data Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>CRM, Customer Contact, Digital Marketing / Pricing</td>
<td>$200-250M</td>
<td>Analytics</td>
</tr>
<tr>
<td>Cost Productivity</td>
<td>ERP, Sourcing, Planning</td>
<td>$200-250M</td>
<td></td>
</tr>
<tr>
<td>Working Capital</td>
<td>ERP, Planning, Customer to Cash (C2C)</td>
<td>$150-200M</td>
<td></td>
</tr>
</tbody>
</table>

Run-Rate Benefits >$500M
ERP REDUCTION

Digital Core

The Findings
• 148 ERP systems across 35 businesses resulting in complexity and cost

The Actions
• Defined roadmap with corporate-driven deployment to drive speed and scale

The Results
• 92% of sales on core ERPs by 2018
• $50M run-rate cost benefits; digital core to build upon

# of ERPs

2016 2019E 2021E
148 48 10

Improved System Resiliency
Scaled for Future Growth
Reduced Maintenance Costs
Enables Consistency in Business Processes

Accelerated Deployments to Create Scale
Digitizing and Improving Customer and Associate Experience
### RECENT CX EXAMPLES

**Contact Center | Customer Experience (CX)**

#### The Findings
- Unable to recognize and serve the customer
- Failure to resolve the ask on first contact

#### The Actions
- Migrated 4K+ CSRs to single contact platform
- Automated history pop-up for faster service

#### Early Results
- Improving customer satisfaction by 20%
- Creating searchable knowledge base

#### KPIs Improvement By/Before `22
- First contact resolution > 95%
- Customer effort score > 95%
- Case closure rate > 90%

**Sales Incentives | Seller Experience**

- 120 complex plans, administered manually
- Slow and inaccurate payouts, seller dissatisfier

- Unified all plans to four objective metrics
- Single platform and CoE to support 6K+ sellers

- Mobile self-tracking on seller performance
- Average pay-out time reduced by four weeks

- Average rep quota attainment > 60%
- Reduce seller payout time > 75%
- Regrettable seller attrition < 8%

---

**Differentiated Experience Creating a Competitive Advantage**
DIGITAL ROADMAP

Where We Are:

- Significant progress creating digital core
- Aggressive master data management
- Differentiating the customer and seller experience
- Deploy common digital platform with strong data management

Where We Are Going:

2019
- Digital marketing enabled / Sales Incentive Planning rollout complete
- Customer contact center, portal solution rollout complete
- Business process management launched
- Enterprise architecture capability in place in IT

2020
- CRM standardization complete
- NPI enablement underway
- Frictionless sourcing / digital ISC launched
- All critical data masters enable analytics

2021
- ERP convergence complete
- Robust applications ecosystem in place
- Contract life-cycle management
- Digital ISC well underway

Substantial Enhancement in Capability by End of 2021
FINANCIAL REVIEW
2019 INVESTOR CONFERENCE

GREG LEWIS
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Honeywell
## KEY MESSAGES

### 2019 Outlook

- **Strong start to 2019:**
  - Second quarter on track; full-year guidance raised in April
- **End-market indicators continue to be positive:**
  - Long-cycle very strong; remaining cautious on macro uncertainty
- **Driving organic growth and productivity rigor, while reinvesting in the business**

### Cash Flow Rigor / Balance Sheet Strength

- **Working capital initiatives and HOS Gold continue to drive cash flow growth**
- **2018 portfolio and balance sheet actions position Honeywell for continued outperformance**
- **Expect disciplined but aggressive approach to capital deployment**

### Long-Term Financial Plan

- **Execution rigor coupled with robust financial oversight; continue to drive digitization of Honeywell**
- **Long-term strategy is multifaceted:**
  - Sales growth, margin expansion, robust cash flow, and balance sheet strength
- **Well-positioned to weather any economic environment due to portfolio actions and business execution**

---

**Strong Foundation for Long-Term Outperformance**
2019 OUTLOOK
## 2019 UPDATE

<table>
<thead>
<tr>
<th></th>
<th>2Q19E</th>
<th>FY19E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Sales</td>
<td>4% - 7%</td>
<td>3% - 6%</td>
</tr>
<tr>
<td>Segment Margin</td>
<td>20.8% - 21.0%</td>
<td>20.7% - 21.0%</td>
</tr>
<tr>
<td>EPS</td>
<td>$2.05 - $2.10</td>
<td>$7.90 - $8.15</td>
</tr>
<tr>
<td>Adj. Free Cash Flow</td>
<td>N/A</td>
<td>$5.5B - $6.0B</td>
</tr>
</tbody>
</table>

### What We Are Seeing / Expecting

+ Long-cycle strength continues – business aviation OE, U.S. defense, warehouse and process automation
+ Strength in short-cycle commercial aftermarket and building products
+ On track to generate 95% - 100% adjusted FCF conversion driven by high-quality growth and working capital improvements
± Continue to monitor short-cycle trends

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

Second Quarter On Track, Confident in Full Year
Short-Cycle
~60% of Portfolio

+ Comm’l Aero Aftermarket strength driven by flight hours growth, mandates, and connected aircraft adoption
+ Defense aftermarket
+ Solstice® demand
+ Commercial fire strength
- Productivity products (scanning, printing)

Long-Cycle
~40% of Portfolio

+ Momentum continuing in narrow body and business jet deliveries; robust defense shipment volumes
+ Warehouse automation growth driven by e-commerce tailwinds
+ Building solutions demand in high growth regions
+ Strong UOP engineering, equipment, catalyst orders; stable oil prices

Balanced Portfolio – Overall Market Dynamics Positive

Represents FY19E sales
HIGH GROWTH REGIONS

2018 Sales

$8.8B

Results and Outlook

• 7% organic sales growth in 2018 (over 1.5X GDP growth in HGRs)
• Double-digit organic sales growth in 2019E
• E4E and E2R up over 20%; growth in mass-mid segment

Strategic Priorities

• Focus on mass mid-segment opportunities in China and India
• Grow connected in China, India, and Middle East
• One-HON key account approach
• Achieve commercial and operational excellence across all regions
• Integrate E4E and E2R offerings as part of global portfolio

Proven HGR Playbook Driving Significant Growth

2018 sales exclude the Transportation Systems and Homes and ADI global distribution businesses
ASEAN = Malaysia, Philippines, Indonesia, Thailand, Vietnam, Laos, Myanmar; CEE = Central Eastern Europe; LATAM = Mexico, Brazil, Central and South America; MERTA = Middle East, Russia, Turkey and Africa

Financial Review – May 14, 2019
CONTINUING GROWTH INVESTMENTS

Capital Expenditures and R&D as a Percent of Sales

Key Points

- R&D funding consistent at ~$1.8B excluding customer-funded R&D
- Customer-funded R&D an additional 2% - 3% of sales
- Investing in plant and capacity expansion, customer-funded defense growth projects, new product introductions, and repositioning

HON R&D includes customer-funded R&D; 2019E calculated at midpoint of sales guidance
Peers include MMM, EMR, GE, ITW, IR, and UTX
Source: S&P Capital IQ

Consistently Reinvesting in Our Businesses
CASH FLOW RIGOR / BALANCE SHEET STRENGTH
FREE CASH FLOW\(^1\) PERFORMANCE

Key Points

- HOS Gold and working capital driving adjusted free cash flow growth
- Long-cycle customer advances (Building Solutions, Intelligrated)
- Large portion of management compensation tied to cash flow
- Significant opportunity remains in working capital

Momentum Building on Free Cash Flow\(^1\) Performance

\(^1\) Adjusted free cash flow excludes cash pension contributions, NARCO trust establishment payments, cash taxes relating to the sale of available for sale investments, and separation cost payments. Adjusted free cash flow conversion is calculated using adjusted net income attributable to Honeywell. Adjusted net income attributable to Honeywell excludes pension mark-to-market, 2018 debt refinancing expense, after-tax separation costs, the 4Q17 U.S. tax legislation charge and 2018 adjustments to such charge.
FINANCIAL STRENGTH

2018 Year-End Balances
- Balance Sheet Debt: $16B
- Cash: $11B

2018 Year-End Leverage Ratios
- Ratings Adj. Debt / Adj. EBITDA: 2.2X
- Ratings Adj. Net Debt / Adj. EBITDA: 1.0X

- Ample liquidity to navigate potential market volatility
  - Significant cash mobility post U.S. tax reform
  - Repatriated $5.5B of overseas cash in 2018

- ~1.70% weighted average cost of outstanding debt
  - Lowest in peer group

- Premium credit rating is a competitive advantage
  - Maintained Moody’s A2 and S&P’s A rating for 20+ years
  - Customers, especially long-cycle, value the stability that we bring
  - Credit rating aided HON in navigating last downturn

- Well-funded pension; less risky pension assets
  - ~47% fixed income investments (matched with liability profile)
  - No significant pension contributions anticipated in 2019 and beyond

U.S. Pension Plan De-Risking
- Contributions Funded
  - 2017: ~85% Fixed Income, ~15% Equity / Return Seeking
  - 2018: ~51% Fixed Income, ~49% Equity / Return Seeking
  - 2019: ~53% Fixed Income, ~47% Equity / Return Seeking


Ample Liquidity; Strong, Stable Credit Rating

Financial Review – May 14, 2019
Capital Expenditures

- 2016: $1.1B
- 2017: $1.0B
- 2018: $0.8B

Dividends

- 2016: $1.9B
- 2017: $2.1B
- 2018: $2.3B

Acquisitions

- 2016: $2.6B
- 2017: $0.1B
- 2018: $0.5B

Share Repurchases ($ and Share Count (M))

- 2016: $2.1B
- 2017: $2.9B
- 2018: $4.0B

2018 Commentary

- Deployed more than $0.8 billion to high ROI capital expenditures
- Announced a 10% dividend increase, our ninth consecutive double-digit increase since 2010, while completing two spins that reduced sales by nearly 20%
- Deployed over $0.5 billion to the Transnorm and Ortolff Engineers acquisitions
- Repurchased $4.0 billion in Honeywell shares, reducing the weighted average share count by over 2% - grew EPS despite spinning ~20% of company

Executing on Capital Allocation Strategy
THREE-YEAR CASH AVAILABILITY

- Substantial capacity to deploy on M&A and share repurchases
- Top priority remains bolt-on M&A
- Ability to continue generating strong returns through share repurchases
  - Share count down ~3% in 2019 based on 2018 repurchases (2% impact) and planned 2019 repurchases
- Global cash mobility stronger than ever
- Dividend growth aligned with earnings growth

Assumes no increase in gross leverage
Surplus cash is cash and short-term investments in excess of $3B required for liquidity purposes

Strong Balance Sheet with Significant Firepower
BUSINESS DEVELOPMENT FRAMEWORK

Environment

- Maintaining disciplined valuation and screening process despite expensive market

M&A Pipeline

- Potential opportunities across end markets and regions
- Additional 100+ potential opportunities in the watch list

Honeywell Priorities

- Traditional M&A
  - Technology differentiation, low cyclicality, strong alignment to mega-trends
  - Maintain highly disciplined process
    - No must haves
- Business development beyond traditional M&A
  - Business development efforts include JVs, minority investments, and partnerships
- Honeywell Ventures
  - Venture investments to accelerate exposure to disruptive, emerging technologies
  - Partnerships enhance HON solutions

EV/EBITDA Multiple Paid by Year

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>9.0x</td>
<td>11.0x</td>
<td>10.4x</td>
<td>11.7x</td>
<td>11.1x</td>
<td>15.9x</td>
<td>14.2x</td>
<td>14.1x</td>
<td>13.9x</td>
</tr>
</tbody>
</table>

Deep M&A Pipeline, Prices Elevated, Broad-Based Approach
HONEYWELL VENTURES

Our Approach

- Launched in 2017 with office established in Silicon Valley – eleven investments to date

- Invest in early-stage, high-growth companies from around the world that have emerging or disruptive technologies

- Invest in start-ups that are strategically aligned to our portfolio and software capabilities

- Invest in companies that could scale faster with access to our customers, channels, intellectual property, advanced manufacturing capabilities and global presence

Announced Venture Investments

- **FOGHORN**: Real-time edge analytics and machine learning for Industrial IoT
- **ELEMENT ANALYTICS™**: Democratizing industrial data to transform operational performance
- **SOFT ROBOTICS**: Robotic automation with human hand-like dexterity
- **IoTium**: Secure network infrastructure for mass deployment of Industrial IoT
- **AIRMAP**: Market-leader in unmanned aerial systems traffic management (UTM) services and the authority on drone enablement
- **CESIUM**: High-throughput agile communications systems for next generation aerospace platforms

Driving Strategic and Commercial Value
LONG-TERM FINANCIAL PLAN
## MARGIN ENHANCEMENT

### Segment Margin

- 2016: 18.3%
- 2017: 19.0%
- 2018: 19.6%
- 2019E Guidance: 20.7% - 21.0%
- Long-Term: ~23%

- +30 - 50 bps per year
- +130 bps

---

### Key Levers

#### Honeywell Connected Enterprise
- Leveraging installed base to create large software business by commercializing key IoT applications

#### Supply Chain Transformation
- Optimize the plan for every part, machine, and supplier
- Vendor managed inventory, supplier rationalization
- Automate core manufacturing sites using Honeywell Forge for Industrials

#### Honeywell Digital
- Transform process, data, and technology = better decisions
- More than just cost reduction
  - Improving user experience and capabilities for customers and sellers = growth

#### Power of One - 1% fixed cost reduction

---

**Continued Focus on Expanding Margins**

Financial Review – May 14, 2019
PREPARED FOR ANY ENVIRONMENT

2008 Recession

HON Share Price

HON portfolio more complex and cyclical, less nimble
- Exposure to 10+ end markets
- More consumer/short-cycle exposure
- Automotive first and deepest drop

2009 impact
- Sales down (15%)
- Flat segment margins
- Pension underfunded, down (29%)
- Net income down (23%)

How HON Responded to the Last Recession

- Reduced leverage from 2.8X to 2.0X while preserving premium credit rating
- Funded the pension through over $5B of contributions
- Invested for the long-term; focused on global expansion and new product introductions
  - $1B+ cost takeout from 2009 actions
- Grew adjusted free cash flow through the recession

Why We Are Better Positioned Now

Portfolio strength
- Higher growth, lower cyclicity
- Increased long-cycle exposure (now ~40%)
- Simplified end-market exposure – focused on six core end markets

Balance sheet strength
- Low leverage
- Asbestos / environmental indemnity funding

Pension health
- ~113% funded as of April 30, 2019
- De-risked: 47% of U.S. plan assets have been placed in duration matched fixed income
- No anticipated cash contributions

Cash mobility
- Global cash mobility facilitates capital deployment needs

Applied Lessons Learned in ’08; Equipped to Manage Uncertain Macro
# Long-Term Financial Plan

<table>
<thead>
<tr>
<th>Strong Growth</th>
<th>Robust Cash Generation</th>
<th>Aggressive Capital Deployment</th>
<th>Balance Sheet</th>
<th>Long-Term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continued organic sales growth and margin expansion</td>
<td>• Targeting ~100% Adjusted FCF cash conversion</td>
<td>• Prioritizing high-ROI investments – not constraining financially compelling internal projects</td>
<td>• Target 2.3X - 2.5X gross leverage (per Moody’s)</td>
<td>3% - 5% Organic Growth</td>
</tr>
<tr>
<td>• EPS growth greater than peers (three-year cumulative adjusted EPS growth 16 pts above peer median)</td>
<td>• World-class working capital management</td>
<td>• Top priority is bolt-on M&amp;A; can generate strong returns through share repurchases</td>
<td>• Maintain premium credit rating</td>
<td>30 - 50 bps Margin Expansion per Year</td>
</tr>
</tbody>
</table>

## Strengthened Foundation for Long-Term Value Creation

*Adjusted free cash flow conversion guidance excludes estimated payments of ~$0.3B for separation costs incurred in 2018 related to the spin-offs of Resideo and Garrett. See appendix for adjusted EPS reconciliation.*

Financial Review – May 14, 2019
SUMMARY

• Businesses continue to generate outstanding results; next phase of transformation underway

• Portfolio actions and enhancements position Honeywell to build on its track record

• Strong balance sheet with ample capacity for capital deployment

• Confident in long-term financial framework, prepared to execute in any environment

Compelling Investment Thesis; Positioned for Growth
APPENDIX

2019 INVESTOR CONFERENCE

RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES
## RECONCILIATION OF SEGMENT PROFIT TO OPERATING INCOME AND CALCULATION OF SEGMENT PROFIT AND OPERATING INCOME MARGINS

### (MM) 1Q18 1Q19

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>$3,977</td>
<td>$3,341</td>
</tr>
<tr>
<td>Honeywell Building Technologies</td>
<td>2,433</td>
<td>1,389</td>
</tr>
<tr>
<td>Performance Materials and Technologies</td>
<td>2,534</td>
<td>2,572</td>
</tr>
<tr>
<td>Safety and Productivity Solutions</td>
<td>1,448</td>
<td>1,582</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td><strong>$10,392</strong></td>
<td><strong>$8,884</strong></td>
</tr>
<tr>
<td>Aerospace</td>
<td>$893</td>
<td>$838</td>
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<tr>
<td>Honeywell Building Technologies</td>
<td>416</td>
<td>271</td>
</tr>
<tr>
<td>Performance Materials and Technologies</td>
<td>519</td>
<td>564</td>
</tr>
<tr>
<td>Safety and Productivity Solutions</td>
<td>231</td>
<td>212</td>
</tr>
<tr>
<td>Corporate</td>
<td>(64)</td>
<td>(76)</td>
</tr>
<tr>
<td><strong>Segment profit</strong></td>
<td><strong>$1,995</strong></td>
<td><strong>$1,809</strong></td>
</tr>
<tr>
<td>Stock compensation expense (1)</td>
<td>(52)</td>
<td>(41)</td>
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<tr>
<td>Repositioning, Other (2,3)</td>
<td>(161)</td>
<td>(93)</td>
</tr>
<tr>
<td>Pension and other postretirement service costs (4)</td>
<td>(56)</td>
<td>(33)</td>
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<tr>
<td><strong>Operating income</strong></td>
<td><strong>$1,726</strong></td>
<td><strong>$1,642</strong></td>
</tr>
<tr>
<td><strong>Segment profit</strong></td>
<td><strong>$1,995</strong></td>
<td><strong>$1,809</strong></td>
</tr>
<tr>
<td>+ Net sales</td>
<td><strong>$10,392</strong></td>
<td><strong>$8,884</strong></td>
</tr>
<tr>
<td><strong>Segment profit margin %</strong></td>
<td><strong>19.2%</strong></td>
<td><strong>20.4%</strong></td>
</tr>
<tr>
<td>Operating income</td>
<td>$1,726</td>
<td>$1,642</td>
</tr>
<tr>
<td>+ Net sales</td>
<td>$10,392</td>
<td>$8,884</td>
</tr>
<tr>
<td><strong>Operating income margin %</strong></td>
<td><strong>16.6%</strong></td>
<td><strong>18.5%</strong></td>
</tr>
</tbody>
</table>

(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.

A quantitative reconciliation of segment profit, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included hereewith. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit, particularly pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.
## RECONCILIATION OF ORGANIC SALES % CHANGE

<table>
<thead>
<tr>
<th>Honeywell</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported sales % change</td>
<td>3%</td>
<td>(4%)</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>(15%)</td>
</tr>
<tr>
<td>Less: Foreign currency translation</td>
<td>-</td>
<td>(4%)</td>
<td>(1%)</td>
<td>-</td>
<td>1%</td>
<td>(3%)</td>
</tr>
<tr>
<td>Less: Acquisitions, divestitures and other, net</td>
<td>-</td>
<td>-</td>
<td>4%</td>
<td>(1%)</td>
<td>(4%)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Organic sales % change</td>
<td>3%</td>
<td>-</td>
<td>(1%)</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>$1,136</td>
<td>$1,134</td>
</tr>
<tr>
<td>Expenditures for property, plant and equipment</td>
<td>(140)</td>
<td>(141)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>996</td>
<td>993</td>
</tr>
<tr>
<td>Separation cost payments</td>
<td>10</td>
<td>165</td>
</tr>
<tr>
<td>Adjusted free cash flow</td>
<td>$1,006</td>
<td>$1,158</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Honeywell</td>
<td>$1,439</td>
<td>$1,416</td>
</tr>
<tr>
<td>Separation costs, includes net tax impacts</td>
<td>49</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted net income attributable to Honeywell</td>
<td>$1,488</td>
<td>$1,416</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>$1,136</td>
<td>$1,134</td>
</tr>
<tr>
<td>+ Net income attributable to Honeywell</td>
<td>$1,439</td>
<td>$1,416</td>
</tr>
<tr>
<td>Operating cash flow conversion</td>
<td>79%</td>
<td>80%</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted free cash flow</td>
<td>$1,006</td>
<td>$1,158</td>
</tr>
<tr>
<td>+ Adjusted net income attributable to Honeywell</td>
<td>$1,488</td>
<td>$1,416</td>
</tr>
<tr>
<td>Adjusted free cash flow conversion %</td>
<td>68%</td>
<td>82%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2018 (SM)</th>
<th>2019E (SB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>$6,434</td>
<td>~$6.0 - $6.5</td>
</tr>
<tr>
<td>Expenditures for property, plant and equipment</td>
<td>($828)</td>
<td>~(0.8)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>5,606</td>
<td>~5.2 - 5.7</td>
</tr>
<tr>
<td>Separation cost payments</td>
<td>$424</td>
<td>~$0.3</td>
</tr>
<tr>
<td>Adjusted free cash flow</td>
<td>$6,030</td>
<td>~$5.5 - $6.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment profit</td>
<td>$2,519</td>
<td>$4,845</td>
<td>$6,351</td>
<td>$6,696</td>
<td>$7,256</td>
<td>$7,186</td>
<td>$7,690</td>
<td>$8,190</td>
</tr>
<tr>
<td>Stock compensation expense (A)</td>
<td>(27)</td>
<td>(128)</td>
<td>(170)</td>
<td>(187)</td>
<td>(175)</td>
<td>(184)</td>
<td>(176)</td>
<td>(175)</td>
</tr>
<tr>
<td>Repositioning, Other (B,C)</td>
<td>(283)</td>
<td>(1,075)</td>
<td>(702)</td>
<td>(590)</td>
<td>(569)</td>
<td>(674)</td>
<td>(962)</td>
<td>(1,100)</td>
</tr>
<tr>
<td>Pension and other postretirement service costs (D)</td>
<td>(218)</td>
<td>(268)</td>
<td>(330)</td>
<td>(297)</td>
<td>(274)</td>
<td>(277)</td>
<td>(249)</td>
<td>(210)</td>
</tr>
<tr>
<td>Operating income</td>
<td>$1,991</td>
<td>$3,374</td>
<td>$5,149</td>
<td>$5,622</td>
<td>$6,238</td>
<td>$6,051</td>
<td>$6,303</td>
<td>$6,705</td>
</tr>
<tr>
<td>Segment profit</td>
<td>$2,519</td>
<td>$4,845</td>
<td>$6,351</td>
<td>$6,696</td>
<td>$7,256</td>
<td>$7,186</td>
<td>$7,690</td>
<td>$8,190</td>
</tr>
<tr>
<td>Net sales</td>
<td>$23,103</td>
<td>$36,556</td>
<td>$39,055</td>
<td>$40,306</td>
<td>$38,581</td>
<td>$39,302</td>
<td>$40,534</td>
<td>$41,802</td>
</tr>
<tr>
<td>Segment profit margin %</td>
<td>10.9%</td>
<td>13.3%</td>
<td>16.3%</td>
<td>16.6%</td>
<td>18.8%</td>
<td>18.3%</td>
<td>19.0%</td>
<td>19.6%</td>
</tr>
<tr>
<td>Operating income</td>
<td>$1,991</td>
<td>$3,374</td>
<td>$5,149</td>
<td>$5,622</td>
<td>$6,238</td>
<td>$6,051</td>
<td>$6,303</td>
<td>$6,705</td>
</tr>
<tr>
<td>Net sales</td>
<td>$23,103</td>
<td>$36,556</td>
<td>$39,055</td>
<td>$40,306</td>
<td>$38,581</td>
<td>$39,302</td>
<td>$40,534</td>
<td>$41,802</td>
</tr>
<tr>
<td>Operating income margin %</td>
<td>8.6%</td>
<td>9.2%</td>
<td>13.2%</td>
<td>14.0%</td>
<td>16.2%</td>
<td>15.4%</td>
<td>15.6%</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

(A) Included in Selling, general and administrative expenses.
(B) Includes repositioning, asbestos, environmental expenses and equity income adjustment.
(C) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.
(D) 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, on an overall Honeywell basis, to operating income has not been provided for all forward-looking measures of segment profit and segment margin included herewith. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from segment profit. The information that is unavailable to provide a quantitative reconciliation could have a significant impact on our reported financial results. To the extent quantitative information becomes available without unreasonable effort in the future, and closer to the period to which the forward-looking measures pertain, a reconciliation of segment profit to operating income will be included within future filings.
### CALCULATION OF SEGMENT PROFIT EXCLUDING SPIN-OFF IMPACT AND SEGMENT MARGIN EXCLUDING SPIN-OFF IMPACT

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment profit</td>
<td>$1,995</td>
<td>$8,190</td>
</tr>
<tr>
<td>Spin-off Impact(1)</td>
<td>(334)</td>
<td>(1,011)</td>
</tr>
<tr>
<td>Segment profit excluding spin-off impact</td>
<td>$1,661</td>
<td>$7,179</td>
</tr>
<tr>
<td>Sales</td>
<td>$10,392</td>
<td>$41,802</td>
</tr>
<tr>
<td>Spin-off Impact(1)</td>
<td>($2,085)</td>
<td>($6,551)</td>
</tr>
<tr>
<td>Sales excluding spin-off impact</td>
<td>$8,307</td>
<td>$35,251</td>
</tr>
<tr>
<td>Segment margin excluding spin-off impact</td>
<td>20.0%</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>($M)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities</td>
<td>$3,517</td>
<td>$4,335</td>
<td>$5,080</td>
<td>$5,519</td>
<td>$5,498</td>
<td>$5,966</td>
<td>$6,434</td>
</tr>
<tr>
<td>Expenditures for property, plant and equipment</td>
<td>$(884)</td>
<td>$(947)</td>
<td>$(1,094)</td>
<td>$(1,073)</td>
<td>$(1,095)</td>
<td>$(1,031)</td>
<td>$(628)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>2,633</td>
<td>3,388</td>
<td>3,986</td>
<td>4,446</td>
<td>4,403</td>
<td>4,935</td>
<td>5,606</td>
</tr>
<tr>
<td>Separation cost payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>424</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted free cash flow</td>
<td>$2,633</td>
<td>$3,388</td>
<td>$3,986</td>
<td>$4,446</td>
<td>$4,403</td>
<td>$4,935</td>
<td>$6,030</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Honeywell</td>
<td>$2,926</td>
<td>$3,922</td>
<td>$4,262</td>
<td>$4,771</td>
<td>$4,812</td>
<td>$1,545</td>
<td>$6,765</td>
</tr>
<tr>
<td>Pension mark-to-market expense (1)</td>
<td>627</td>
<td>38</td>
<td>179</td>
<td>43</td>
<td>215</td>
<td>67</td>
<td>28</td>
</tr>
<tr>
<td>Debt refinancing expense (1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>93</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Separation costs, includes net tax impacts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>732</td>
</tr>
<tr>
<td>U.S. Tax Reform</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,891</td>
<td>(1,494)</td>
</tr>
<tr>
<td>Adjusted net income attributable to Honeywell</td>
<td>$3,553</td>
<td>$3,960</td>
<td>$4,441</td>
<td>$4,814</td>
<td>$5,120</td>
<td>$5,517</td>
<td>$6,031</td>
</tr>
</tbody>
</table>

Cash provided by operating activities: $3,517 $4,335 $5,080 $5,519 $5,498 $5,966 $6,434

Net income attributable to Honeywell: $2,926 $3,922 $4,262 $4,771 $4,812 $1,545 $6,765

Adjusted free cash flow: $2,633 $3,388 $3,986 $4,446 $4,403 $4,935 $6,030

(1) Pension mark-to-market uses a blended tax rate of 35%, 25.5%, 28.1%, 36.1%, 21.3%, 23% and 24%. Debt refinancing expense uses a tax rate of 26.5%.

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 HONEYWELL BUILDING TECHNOLOGIES ORGANIC SALES % CHANGE

<table>
<thead>
<tr>
<th></th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported sales % change</td>
<td>(43%)</td>
</tr>
<tr>
<td>Less: Foreign Currency Translation</td>
<td>(3%)</td>
</tr>
<tr>
<td>Less: Acquisitions, divestitures and other, net</td>
<td>(49%)</td>
</tr>
<tr>
<td>Organic Sales % Change</td>
<td>9%</td>
</tr>
</tbody>
</table>
## Reconciliation of Safety and Productivity Solutions Organic Sales % Change

<table>
<thead>
<tr>
<th>Description</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported sales % change</td>
<td>9%</td>
</tr>
<tr>
<td>Less: Foreign Currency Translation</td>
<td>(3%)</td>
</tr>
<tr>
<td>Less: Acquisitions, divestitures and other, net</td>
<td>2%</td>
</tr>
<tr>
<td>Organic Sales % Change</td>
<td>10%</td>
</tr>
</tbody>
</table>
## RECONCILIATION OF EPS TO ADJUSTED EPS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share of common stock - assuming dilution (EPS) (^{(1)})</td>
<td>$6.20</td>
<td>$2.00</td>
<td>$8.98</td>
</tr>
<tr>
<td>Pension mark-to-market</td>
<td>0.28</td>
<td>0.09</td>
<td>0.04</td>
</tr>
<tr>
<td>Debt refinancing expense</td>
<td>0.12</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Separation costs (^{(2)})</td>
<td>-</td>
<td>0.02</td>
<td>0.97</td>
</tr>
<tr>
<td>Impacts from U.S. Tax Reform</td>
<td>-</td>
<td>5.04</td>
<td>(1.98)</td>
</tr>
<tr>
<td><strong>Adjusted earnings per share of common stock - assuming dilution</strong></td>
<td><strong>$6.60</strong></td>
<td><strong>$7.15</strong></td>
<td><strong>$8.01</strong></td>
</tr>
</tbody>
</table>

\(^{(1)}\) For the twelve months ended December 31, 2018, 2017, and 2016 adjusted earnings per share utilizes weighted average shares 753.0 million, 772.1 million and 775.3 million.

\(^{(2)}\) For the twelve ended December 31, 2018, separation costs of $732 million including net tax impacts. For the twelve months ended December 31, 2017, separation costs $14 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.
SPEAKER BIOGRAPHIES
2019 INVESTOR CONFERENCE

Honeywell
Darius Adamczyk is Chairman and Chief Executive Officer of Honeywell, a leading software-industrial company that helps connect aircraft, buildings, manufacturing plants, supply chains, and workers to make our world smarter, safer, and more sustainable.

He was elected Chairman in April 2018. Before then, he was appointed President and Chief Executive Officer in March 2017 after serving for one year as President and Chief Operating Officer. Darius’ focus in these roles has been on accelerating Honeywell’s organic growth, expanding margins, transforming the Company into a premier software-industrial, deploying capital effectively, and building a high-performance culture.

Darius joined the Company in 2008 when Metrologic, where he was serving as Chief Executive Officer, was acquired by Honeywell. He served as President of Honeywell Scanning and Mobility for four years, doubling the size of the business, before leading a turnaround over two years as President of Honeywell Process Solutions. In 2014, Darius was promoted to President and Chief Executive Officer of Honeywell Performance Materials and Technologies.

Before joining Honeywell, Darius held several leadership positions with Ingersoll Rand and Booz Allen Hamilton. He began his career as an electrical engineer at General Electric in 1988.

Born in Poland on February 8, 1966, Darius emigrated to the United States at age 11. He earned his MBA from Harvard University, a master’s degree in computer engineering from Syracuse University, and a bachelor’s degree in electrical and computer engineering from Michigan State University. Darius also completed the GE Edison Engineering Program, as well as numerous executive development courses at Wharton and Duke, among other institutions. He has received the Corporate Social Responsibility Award from the Foreign Policy Association as well as the John D. Ryder Electrical and Computer Engineering Alumni Award from Michigan State University. He was also named “Best CEO” in 2019 by Institutional Investor in its 2019 All-America Executive Team. Darius serves on the Business Roundtable.
Que Thanh Dallara is President and CEO of Honeywell Connected Enterprise (HCE), leading our efforts in software innovation, including IoT solutions, data analytics and new business development. HCE brings together the best of Honeywell’s heritage of invention with the potential of IoT technologies to solve our customers’ toughest challenges.

Que joined Honeywell in 2017 and continues to be responsible for the commercial organization. In this role, she is helping Honeywell grow faster than the market through the development and delivery of strategy, marketing, and sales practices to consistently improve our product portfolio, pricing, salesforce effectiveness and customer decision journey.

Prior to Honeywell, Que served in increasingly responsible roles at TE Connectivity, a $12.2 billion global leader in connectivity and sensor solutions. Most recently, she served as Senior Vice President, Corporate Strategy and Analytics, where she led the strategic growth process, performance management of business units, and big data analytics. Prior to that, she was Vice President and General Manager of TE Connectivity’s Managed Connectivity business, where she turned around and scaled up an incubator business in intelligent cabling systems. Earlier, Que was Vice President & General Manager of the Energy Americas business.

Before TE Connectivity, Que served Microsoft Corporation as Senior Director, Strategy, M&A, Integration and Governance, for the Consumer Software & Services divisions. She drove strategies for Microsoft to enter mobile, search, online advertising, cloud services, and China. Que also held positions at itvlworld, Telstra Corporation, and McKinsey & Company in Sydney, Australia.

She earned a B.S. in Applied Mathematics and a Bachelor of Commerce, Finance, at the University of New South Wales, Australia, and an MBA at INSEAD in France.
Tim Mahoney is President and Chief Executive Officer of Honeywell Aerospace, Honeywell’s largest business group. Headquartered in Phoenix, Arizona, Honeywell Aerospace is an innovative product and services leader serving the air transport, airline, business jet, defense, general aviation, helicopter and space markets.

Prior to becoming CEO of Honeywell Aerospace, Mahoney served four years on the company’s leadership team -- as President of the Business & General Aviation business, President of the Air Transport & Regional business, and as Chief Technology Officer (CTO). As CTO, Mahoney had global responsibilities for engineering, research and new product development, managing the company’s R&D programs and more than 12,000 employees, as well as improving operational efficiency and engineering alignment for delivering new products to the market.

Previously, in his role leading the Air Transport & Regional business unit that serves the OEM, airline, and aftermarket segments of commercial aviation, Mahoney strengthened customer relationships and development program execution on major systems for new aircraft platforms.

Mahoney worked for Sikorsky Aircraft before joining Honeywell, where he held a series of increasingly significant leadership roles. Mahoney earned a Bachelor of Science degree in mechanical engineering from the University of South Florida. Later in his aerospace career, he graduated from the Defense Systems Management College and Harvard Business School’s highly regarded Program for Management Development.
VIMAL KAPUR
PRESIDENT AND CEO,
HONEYWELL BUILDING TECHNOLOGIES

Vimal Kapur was named President and CEO of Honeywell Building Technologies in May 2018. Building Technologies is a leader in the Internet of Things (IoT) and creates products, software and technologies found in more than 10 million buildings worldwide. Commercial building owners and occupants use Honeywell’s Connected Building technologies to ensure their facilities are safe, energy efficient, sustainable and productive.

Prior to his current role, Vimal served more than four years as President of Honeywell Process Solutions (HPS), a pioneer in providing automation control, software, field devices and services to process manufacturers in industries such as oil and gas, refining, pulp and paper, petrochemicals, and metals, minerals and mining. Under Vimal’s leadership, HPS generated significant margin expansion while outperforming its peer group substantially. Vimal led HPS through a tough oil and gas downturn in 2015, and the business emerged as an even stronger competitor with a pipeline of innovative new offerings.

Previously, Vimal served as Vice President/General Manager of the Advanced Solutions line of business for HPS, where he built the foundation of a very strong software business that is now Honeywell Connected Plant. Vimal has held several other key leadership positions during his 29+ years at Honeywell, including Managing Director for Honeywell Automation India Limited (HAIL), where he led the former Automation and Control Solutions business, which was a precursor to Building Technologies. In this role, Vimal led rapid growth in India at Honeywell Building Solutions (HBS) and the former Environmental Combustion and Controls (ECC).

Vimal graduated from Thapar Institute of Engineering in Patiala, India, as an Electronics engineer with a specialization in instrumentation.
Dr. Rajeev Gautam is President and CEO of Honeywell Performance Materials and Technologies (PMT), a global leader in providing advanced materials, process technologies and automation solutions.

PMT delivers high-performance products and solutions including low-global-warming-potential refrigerants, automation and software for process industries, and process technologies for the refining, petrochemical and gas processing industries. The business also delivers a portfolio of advanced solutions via Honeywell Connected Plant, which helps the company’s industrial customers turn data into insight that enables plants to run more efficiently and reliably.

Throughout his career, Rajeev has championed innovative solutions to create unparalleled value for customers and driven expansion into new markets. Prior to leading PMT as CEO, Rajeev served as President of Honeywell UOP, one of the leading suppliers of process technologies that have formed the foundation for most of the world’s refiners, efficiently producing gasoline, diesel, jet fuel, petrochemicals and renewable fuels. He also served as Vice President and Chief Technology Officer of PMT. During the last 30 years, he held key positions within UOP, spanning research and development, engineering, and marketing, including vice president and chief technology officer of UOP. Rajeev began his career with Union Carbide in 1978 and became part of UOP through a joint venture in 1988.

Rajeev earned a bachelor’s degree in chemical engineering from the Indian Institute of Technology and a master’s degree in chemical engineering from Drexel University. Additionally, he holds a doctorate in chemical engineering from the University of Pennsylvania and an MBA from the University of Chicago.
JOHN WALDRON
PRESIDENT AND CEO,
SAFETY AND PRODUCTIVITY SOLUTIONS

John Waldron is President and CEO of Honeywell’s Safety and Productivity Solutions (SPS) business group. SPS provides products, software, automation and connected solutions that improve productivity, workplace safety and asset performance for customers across the globe.

SPS delivers on this promise through industry-leading mobile devices, software, and automated material-handling solutions; the industry’s broadest range of personal protective equipment and gas detection technology; and custom-engineered sensors, switches and controls. It also manufactures and sells a broad portfolio of footwear for work, play and outdoor activities, including XtraTuf™ and Muck Boot™ brand footwear.

Previously, John served as President of Honeywell Sensing and Productivity Solutions, a leading global provider of sensor, switch and control solutions serving markets ranging from aerospace and logistics to healthcare and retail.

Prior to Sensing and Productivity Solutions, John was President of Honeywell Scanning and Mobility (HSM), where he served as Vice President and General Manager of the HSM Americas and Vice President of Global Marketing for HSM. In the latter role, John served as Marketing Integration Leader for the acquisitions of Hand Held Products, Metrologic Instruments and EMS Technologies.

John previously held a number of sales and marketing leadership positions in Honeywell Security Group and in the software industry. He began his professional career as an electrical engineer.

John earned an MBA from the University of Notre Dame and a bachelor’s degree in electrical engineering from the University of Dayton.
Torsten Pilz is Senior Vice President and Chief Supply Chain Officer.

While leading in a newly created position for Honeywell, Pilz has broad responsibilities for the integrated supply chain, including procurement, and will drive improvements in plant efficiency and working capital while continuing to enhance quality and delivery to customers’ expectations.

Prior to Honeywell, Pilz served for 1½ years as Vice President, Supply Chain, for SpaceX, where he was responsible for all supply chain activities, including planning, purchasing, material management and logistics. He built and developed a team that supported dozens of launches a year as well as the development and production of the Falcon and Falcon Heavy Rockets, the Dragon Spacecraft and the SpaceX’ satellite program. Prior to that, Pilz served four years as Vice President, Worldwide Operations, at Amazon, where he led the execution and expansion of the global Consumables and Ultrafast eCommerce segment, including brands such as AmazonFresh, AmazonPantry, AmazonCampus and Prime Now.

Before Amazon, Pilz spent eight years at Henkel AG & Co. in a series of progressively larger roles in Germany and the U.S., culminating in his assignment as Senior Vice President, Global Operations, and Chief Executive Officer, Schwarzkopf & Henkel Production Europe GmbH, where he led global operations for the Beauty Care Division. Pilz also served as a Senior Consultant, Life Science, Consumer and Chemical Industry, at Strategy& in Germany and the U.S., and he held several progressively larger production management roles at Clariant AG Frankfurt. He earned B.S. and M.S. degrees followed by a doctorate in chemical engineering at the Karlsruhe Institute of Technology in Germany.
Ken Stacherski is Vice President, Enterprise Business Transformation. He leads Honeywell Digital, the Company’s digitization initiative, responsible for driving integration across all functional transformation work streams, ensuring standard process, data, and IT Architecture, while creating closed-loop business value realization. In addition, Ken is responsible for Honeywell’s Global Real Estate and Working Capital functions aligned with the overall Honeywell digital transformation agenda.

Since joining Honeywell in 2011, Ken has held a series of leadership roles across the Company. As Vice President of Portfolio Transformation, he successfully led the spin-offs of Garrett and Resideo, an effort that included the separation of $7.5B in sales from Honeywell, all functional internal and external operations including ERP environments, while retaining tax-free status of the spins to create significant Honeywell shareholder value.

From 2016 to 2017, Ken served as Vice President and General Manager for the Catalysts, Adsorbents, and Specialties business in UOP, helping launch two new production lines in China and the U.S. to support breakthrough strategies in Hydrotreating and Methanol to Olefins technology. From 2013 to 2016, Ken served as Vice President of Procurement and Trade Compliance, globally managing direct and indirect spend, and capital. From 2011 to 2013, Ken served as Director of ISC for Honeywell Electronic Materials, driving business performance through improving plant productivity and quality.

Prior to joining Honeywell, Ken was President and COO of Composite Technologies, where he was recognized by the Dayton Business Journal as a “Top 40 under 40” business leader. He began his career with U.S. Manufacturing Corporation before spending 13 years with Ford Motor Company where he held Plant Leadership roles of increasing responsibility.

Ken earned a bachelor’s degree from GMI Engineering and Management Institute and a master’s degree in engineering management from Wayne State University.
Greg Lewis is Senior Vice President and Chief Financial Officer (CFO) of Honeywell, a Fortune 100 software-industrial Company that helps everything from aircraft, buildings, manufacturing plants, supply chains, and workers become more connected to make our world smarter, safer, and more sustainable. Prior to this role, Greg was Vice President of Corporate Finance, where he led Treasury, Tax, Audit, Business Analysis and Planning, Investor Relations, M&A, Real Estate, Pension, Finance Operations, and Enterprise Information Management (EIM).

Since joining Honeywell in December 2006, Greg has held a series of Finance leadership roles across the Company. Greg first served as CFO of the former Specialty Products unit within Honeywell’s Performance Materials and Technologies (PMT) business group. After that, he served as Honeywell’s Vice President of Business Analysis and Planning (BAP), where he led the Annual Operating Plan (AOP) process for the corporation and partnered with the four business groups to drive FP&A improvements as part of Finance Functional Transformation. Greg then served as CFO for Honeywell Process Solutions (HPS), where he led the global Finance team through the reorganization of HPS from a regional to a global product line business model. After that, Greg was CFO of the former Honeywell Automation and Control Solutions (ACS) business group, where he served until he led the dis-integration of ACS into two separate reporting units in 2016. Greg then became Honeywell’s Vice President of EIM, where he focused on building a culture of managing data and information as a strategic asset to support the Company’s transformation into a premier Software-Industrial enterprise.

With a broad background in financial leadership across multiple industries, Greg spent three years in the plastics industry at Tyco International, where he was Vice President of Finance and CFO for the A&E Products division, co-leading the divestiture of that business. Previously, Greg held a number of finance leadership roles at The Stanley Works. He began his career in 1991 at Kraft Foods, where he worked in operations finance roles, including plant Controller.

Greg holds a master’s degree in business administration from Fordham University and a bachelor’s degree in finance from the University of Connecticut. He also is Six Sigma Green Belt Certified.