

Honeywell International Inc.  
Consolidated Statement of Operations (Unaudited)  
(Dollars in millions, except per share amounts)

	<u>Three Months Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Product sales	\$ 6,409	\$ 6,305
Service sales	2,045	2,158
Net sales	<u>8,454</u>	<u>8,463</u>
Costs, expenses and other		
Cost of products sold <sup>(1)</sup>	4,551	4,374
Cost of services sold <sup>(1)</sup>	1,158	1,160
	<u>5,709</u>	<u>5,534</u>
Selling, general and administrative expenses <sup>(1)</sup>	1,236	1,238
Other (income) expense	(442)	(317)
Interest and other financial charges	90	73
	<u>6,593</u>	<u>6,528</u>
Income before taxes	1,861	1,935
Tax expense (benefit)	413	329
Net income	1,448	1,606
Less: Net income attributable to the noncontrolling interest	21	25
Net income attributable to Honeywell	<u>\$ 1,427</u>	<u>\$ 1,581</u>
Earnings per share of common stock - basic	<u>\$ 2.05</u>	<u>\$ 2.23</u>
Earnings per share of common stock - assuming dilution	<u>\$ 2.03</u>	<u>\$ 2.21</u>
Weighted average number of shares outstanding - basic	<u>696.2</u>	<u>709.6</u>
Weighted average number of shares outstanding - assuming dilution	<u>704.5</u>	<u>717.0</u>

(1) Cost of products and services sold and Selling, general and administrative expenses include amounts for repositioning and other charges, the service cost component of pension and other postretirement (income) expense, and stock compensation expense.

Honeywell International Inc.  
Segment Data (Unaudited)  
(Dollars in millions)

	<u>Three Months Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Net Sales		
Aerospace	\$ 2,632	\$ 3,361
Honeywell Building Technologies	1,358	1,281
Performance Materials and Technologies	2,346	2,397
Safety and Productivity Solutions	2,118	1,424
Total	<u>\$ 8,454</u>	<u>\$ 8,463</u>

Reconciliation of Segment Profit to Income Before Taxes

	<u>Three Months Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Segment Profit</u>		
Aerospace	\$ 762	\$ 937
Honeywell Building Technologies	305	262
Performance Materials and Technologies	434	512
Safety and Productivity Solutions	303	178
Corporate	(29)	(41)
Total segment profit	1,775	1,848
Interest and other financial charges	(90)	(73)
Stock compensation expense <sup>(1)</sup>	(77)	(44)
Pension ongoing income <sup>(2)</sup>	276	198
Other postretirement income <sup>(2)</sup>	17	13
Repositioning and other charges <sup>(3,4)</sup>	(141)	(62)
Other <sup>(5)</sup>	101	55
Income before taxes	<u>\$ 1,861</u>	<u>\$ 1,935</u>

(1) Amounts included in Selling, general and administrative expenses.

(2) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs) and Other income/expense (non-service cost components).

(3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other (income) expense.

(4) Includes repositioning, asbestos, and environmental expenses.

(5) Amounts include the other components of Other (income) expense not included within other categories in this reconciliation. Equity income of affiliated companies is included in segment profit.

Honeywell International Inc.  
Consolidated Balance Sheet (Unaudited)  
(Dollars in millions)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,718	\$ 14,275
Short-term investments	942	945
Accounts receivable - net	6,675	6,827
Inventories	4,607	4,489
Other current assets	1,645	1,639
Total current assets	25,587	28,175
Investments and long-term receivables	746	685
Property, plant and equipment - net	5,547	5,570
Goodwill	16,981	16,058
Other intangible assets - net	3,799	3,560
Insurance recoveries for asbestos related liabilities	347	366
Deferred income taxes	762	760
Other assets	9,792	9,412
Total assets	<u>\$ 63,561</u>	<u>\$ 64,586</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 5,792	\$ 5,750
Commercial paper and other short-term borrowings	3,568	3,597
Current maturities of long-term debt	1,635	2,445
Accrued liabilities	6,955	7,405
Total current liabilities	17,950	19,197
Long-term debt	16,124	16,342
Deferred income taxes	2,309	2,113
Postretirement benefit obligations other than pensions	234	242
Asbestos-related liabilities	1,873	1,920
Other liabilities	6,812	6,975
Redeemable noncontrolling interest	7	7
Shareowners' equity	18,252	17,790
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 63,561</u>	<u>\$ 64,586</u>

Honeywell International Inc.  
Consolidated Statement of Cash Flows (Unaudited)  
(Dollars in millions)

	<b>Three Months Ended March 31.</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,448	\$ 1,606
Less: Net income attributable to the noncontrolling interest	21	25
Net income attributable to Honeywell	1,427	1,581
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation	171	153
Amortization	170	90
Gain on sale of non-strategic businesses and assets	(90)	—
Repositioning and other charges	141	62
Net payments for repositioning and other charges	(195)	(111)
Pension and other postretirement income	(293)	(212)
Pension and other postretirement benefit payments	(14)	(14)
Stock compensation expense	77	44
Deferred income taxes	63	(58)
Other	(96)	(179)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable	143	41
Inventories	(158)	(163)
Other current assets	(66)	166
Accounts payable	57	(54)
Accrued liabilities	(359)	(407)
Net cash provided by (used for) operating activities	978	939
<b>Cash flows from investing activities:</b>		
Expenditures for property, plant and equipment	(221)	(139)
Proceeds from disposals of property, plant and equipment	14	7
Increase in investments	(736)	(648)
Decrease in investments	612	843
Receipts (payments) from settlements of derivative contracts	140	287
Cash paid for acquisitions, net of cash acquired	(1,303)	—
Proceeds from sales of businesses, net of fees paid	190	—
Net cash provided by (used for) investing activities	(1,304)	350
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of commercial paper and other short-term borrowings	1,268	3,455
Payments of commercial paper and other short-term borrowings	(1,266)	(3,373)
Proceeds from issuance of common stock	67	66
Proceeds from issuance of long-term debt	23	1,127
Payments of long-term debt	(817)	(1,125)
Repurchases of common stock	(822)	(1,923)
Cash dividends paid	(640)	(635)
Other	(30)	(38)
Net cash provided by (used for) financing activities	(2,217)	(2,446)
Effect of foreign exchange rate changes on cash and cash equivalents	(14)	(189)
Net increase (decrease) in cash and cash equivalents	(2,557)	(1,346)
Cash and cash equivalents at beginning of period	14,275	9,067
Cash and cash equivalents at end of period	<u>\$ 11,718</u>	<u>\$ 7,721</u>

Honeywell International Inc.

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Reconciliation of Organic Sales % Change (Unaudited)

	<b>Three Months Ended March 31, 2021</b>
<b>Honeywell</b>	
Reported sales % change	—%
Less: Foreign currency translation	2%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>(2)%</u>
<b>Aerospace</b>	
Reported sales % change	(22)%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>(22)%</u>
<b>Honeywell Building Technologies</b>	
Reported sales % change	6%
Less: Foreign currency translation	4%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>2%</u>
<b>Performance Materials and Technologies</b>	
Reported sales % change	(2)%
Less: Foreign currency translation	3%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	<u>(6)%</u>
<b>Safety and Productivity Solutions</b>	
Reported sales % change	49%
Less: Foreign currency translation	3%
Less: Acquisitions, divestitures and other, net	(1)%
Organic sales % change	<u>47%</u>

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.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income

Margins (Unaudited)

(Dollars in millions)

	<u>Three Months Ended March 31,</u>		<u>Twelve Months Ended December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
Segment profit	\$ 1,775	\$ 1,848	\$ 6,665
Stock compensation expense <sup>(1)</sup>	(77)	(44)	(168)
Repositioning, Other <sup>(2,3)</sup>	(155)	(74)	(641)
Pension and other postretirement service costs <sup>(4)</sup>	(34)	(39)	(160)
Operating income	\$ 1,509	\$ 1,691	\$ 5,696
Segment profit	\$ 1,775	\$ 1,848	\$ 6,665
÷ Net sales	\$ 8,454	\$ 8,463	\$ 32,637
Segment profit margin %	21.0 %	21.8 %	20.4 %
Operating income	\$ 1,509	\$ 1,691	\$ 5,696
÷ Net sales	\$ 8,454	\$ 8,463	\$ 32,637
Operating income margin %	17.8 %	20.0 %	17.5 %

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(3) Included in Cost of products and services sold, Selling, general and administrative expenses and Other (income) expense.

(4) 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 herewithin. 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.

Honeywell International Inc.  
Reconciliation of Earnings per Share to Adjusted Earnings per Share (Unaudited)

	Three Months Ended March 31,		Twelve Months Ended December 31
	2021	2020	2020
Earnings per share of common stock - assuming dilution <sup>(1)</sup>	\$ 2.03	\$ 2.21	\$ 6.72
Pension mark-to-market expense <sup>(2)</sup>	—	—	0.04
Separation related tax adjustment <sup>(3)</sup>	—	—	(0.26)
Gain on sale of retail footwear business <sup>(4)</sup>	(0.11)	—	—
Garrett related adjustment <sup>(5)</sup>	—	—	0.60
Adjusted earnings per share of common stock - assuming dilution	\$ 1.92	\$ 2.21	\$ 7.10

- (1) For the three months ended March 31, 2021 and 2020, adjusted earnings per share utilizes weighted average shares of approximately 704.5 million and 717.0 million. For the twelve months ended December 31, 2020, adjusted earnings per share utilizes weighted average shares of 711.2 million.
- (2) Pension mark-to-market expense uses a blended tax rate of 25% for 2020.
- (3) For the twelve months ended December 31, 2020, separation related tax adjustment of \$186 million (\$186 million net of tax) includes the favorable resolution of a foreign tax matter related to the spin-off transactions.
- (4) For the three months ended March 31, 2021, the adjustment was \$72 million net of tax due to the gain on sale of the retail footwear business.
- (5) For the twelve months ended December 31, 2020, adjustment was \$427 million net of tax due to the non-cash charges associated with the reduction in value of reimbursement receivables due from Garrett, net of proceeds from settlement of related hedging transactions.

We believe adjusted earnings per share, excluding spin-off impact, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.



Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow and Calculation of Adjusted Free Cash Flow Conversion (Unaudited)  
(Dollars in millions)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash provided by operating activities	\$ 978	\$ 939
Expenditures for property, plant and equipment	(221)	(139)
Free cash flow	757	800
Separation cost payments	—	—
Adjusted free cash flow	\$ 757	\$ 800
Net income attributable to Honeywell	1,427	1,581
Separation related tax adjustment	—	—
Pension mark-to-market	—	—
Gain on sale of retail footwear business <sup>(1)</sup>	(72)	—
Adjusted net income attributable to Honeywell	\$ 1,355	\$ 1,581
Cash provided by operating activities	\$ 978	\$ 939
÷ Net income (loss) attributable to Honeywell	\$ 1,427	\$ 1,581
Operating cash flow conversion	69 %	59 %
Adjusted free cash flow	\$ 757	\$ 800
÷ Adjusted net income attributable to Honeywell	\$ 1,355	\$ 1,581
Adjusted free cash flow conversion %	56 %	51 %

(1) The adjustment due to a gain on sale of the retail footwear business.

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus anticipated cash receipts from Garrett.

We believe that free cash flow is a non-GAAP metric that is useful to investors and management as a measure of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity. For forward looking information, we do not provide cash flow conversion guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow (Unaudited)

	<b>Twelve Months Ended December 31, 2024 (E) / (\$B)</b>
Cash provided by operating activities	~\$5.8 - \$6.1
Expenditures for property, plant and equipment	~(1)
Garrett cash receipts	0.4
Free cash flow	<u>~\$5.2 - \$5.5</u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus anticipated cash receipts from Garrett.

We believe that free cash flow is a non-GAAP metric that is useful to investors and management as a measure of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity. For forward looking information, we do not provide cash flow conversion guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets.

Honeywell International Inc.  
Reconciliation of Expected Earnings per Share to Adjusted Earnings per Share (Unaudited)

	<b>Twelve Months Ended December 31, 2021(1)</b>
Earnings per share of common stock - assuming dilution <sup>(1)</sup>	\$7.86 - \$8.11
Gain on sale of retail footwear business <sup>(2)</sup>	(0.11)
Adjusted earnings per share of common stock - assuming dilution	<u>\$7.75 - \$8.00</u>

- (1) For the twelve months ended December 31, 2021, expected earnings per share utilizes weighted average shares of approximately 705 million.
- (2) For the twelve months ended December 31, 2021, the adjustment was \$72 million net of tax due to the gain on sale of the retail footwear business.

We believe adjusted earnings per share is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate any potential future one-time items, such as pension mark-to-market, without unreasonable effort. Pension mark-to-market expense is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.