

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Product sales	\$ 6,639	\$ 5,743	\$ 13,048	\$ 12,048
Service sales	2,169	1,734	4,214	3,892
Net sales	8,808	7,477	17,262	15,940
Costs, expenses and other				
Cost of products sold ⁽¹⁾	4,734	4,163	9,285	8,537
Cost of services sold ⁽¹⁾	1,269	1,113	2,427	2,273
	6,003	5,276	11,712	10,810
Selling, general and administrative expenses ⁽¹⁾	1,207	1,183	2,443	2,421
Other (income) expense	(366)	(291)	(808)	(608)
Interest and other financial charges	83	90	173	163
	6,927	6,258	13,520	12,786
Income before taxes	1,881	1,219	3,742	3,154
Tax expense (benefit)	434	120	847	449
Net income	1,447	1,099	2,895	2,705
Less: Net income attributable to the noncontrolling interest	17	18	38	43
Net income attributable to Honeywell	\$ 1,430	\$ 1,081	\$ 2,857	\$ 2,662
Earnings per share of common stock - basic	\$ 2.06	\$ 1.54	\$ 4.11	\$ 3.77
Earnings per share of common stock - assuming dilution	\$ 2.04	\$ 1.53	\$ 4.06	\$ 3.74
Weighted average number of shares outstanding - basic	693.8	702.3	695.0	705.9
Weighted average number of shares outstanding - assuming dilution	702.5	708.1	703.5	712.6

(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)

Net Sales	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Aerospace	\$ 2,766	\$ 2,543	\$ 5,398	\$ 5,904
Honeywell Building Technologies	1,407	1,177	2,765	2,458
Performance Materials and Technologies	2,552	2,218	4,898	4,615
Safety and Productivity Solutions	2,083	1,539	4,201	2,963
Total	\$ 8,808	\$ 7,477	\$ 17,262	\$ 15,940

Reconciliation of Segment Profit to Income Before Taxes

Segment Profit	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Aerospace	\$ 710	\$ 528	\$ 1,472	\$ 1,465
Honeywell Building Technologies	315	250	620	512
Performance Materials and Technologies	530	419	964	931
Safety and Productivity Solutions	292	213	595	391
Corporate	(54)	(25)	(83)	(66)
Total segment profit	1,793	1,385	3,568	3,233
Interest and other financial charges	(83)	(90)	(173)	(163)
Stock compensation expense ⁽¹⁾	(39)	(34)	(116)	(78)
Pension ongoing income ⁽²⁾	272	198	548	396
Other postretirement income ⁽²⁾	18	14	35	27
Repositioning and other charges ^(3,4)	(101)	(280)	(242)	(342)
Other ⁽⁵⁾	21	26	122	81
Income before taxes	\$ 1,881	\$ 1,219	\$ 3,742	\$ 3,154

- (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>June 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,427	\$ 14,275
Short-term investments	891	945
Accounts receivable - net	6,947	6,827
Inventories	4,723	4,489
Other current assets	1,664	1,639
Total current assets	25,652	28,175
Investments and long-term receivables	1,358	685
Property, plant and equipment - net	5,520	5,570
Goodwill	17,135	16,058
Other intangible assets - net	3,748	3,560
Insurance recoveries for asbestos related liabilities	342	366
Deferred income taxes	762	760
Other assets	9,428	9,412
Total assets	<u>\$ 63,945</u>	<u>\$ 64,586</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,139	\$ 5,750
Commercial paper and other short-term borrowings	3,573	3,597
Current maturities of long-term debt	1,645	2,445
Accrued liabilities	6,786	7,405
Total current liabilities	18,143	19,197
Long-term debt	16,138	16,342
Deferred income taxes	2,302	2,113
Postretirement benefit obligations other than pensions	225	242
Asbestos-related liabilities	1,819	1,920
Other liabilities	7,109	6,975
Redeemable noncontrolling interest	7	7
Shareowners' equity	18,202	17,790
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 63,945</u>	<u>\$ 64,586</u>

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Cash flows from operating activities:				
Net income	\$ 1,447	\$ 1,099	\$ 2,895	\$ 2,705
Less: Net income attributable to the noncontrolling interest	17	18	38	43
Net income attributable to Honeywell	1,430	1,081	2,857	2,662
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation	164	161	335	314
Amortization	120	89	290	179
Gain on sale of non-strategic businesses and assets	—	—	(90)	—
Repositioning and other charges	101	280	242	342
Net payments for repositioning and other charges	(163)	(198)	(358)	(309)
Pension and other postretirement income	(290)	(211)	(583)	(423)
Pension and other postretirement benefit payments	(13)	(9)	(27)	(23)
Stock compensation expense	39	34	116	78
Deferred income taxes	38	(219)	101	(277)
Other	(181)	(106)	(277)	(285)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable	(270)	735	(127)	776
Inventories	(113)	(168)	(271)	(331)
Other current assets	(32)	(60)	(98)	106
Accounts payable	345	(310)	402	(364)
Accrued liabilities	103	381	(256)	(26)
Net cash provided by (used for) operating activities	1,278	1,480	2,256	2,419
Cash flows from investing activities:				
Expenditures for property, plant and equipment	(185)	(227)	(406)	(366)
Proceeds from disposals of property, plant and equipment	—	—	14	7
Increase in investments	(661)	(1,023)	(1,397)	(1,671)
Decrease in investments	719	746	1,331	1,589
Receipts from Garrett Motion Inc.	375	—	375	—
Receipts (payments) from settlements of derivative contracts	(163)	(204)	(23)	83
Cash paid for acquisitions, net of cash acquired	(24)	—	(1,327)	—
Proceeds from sales of businesses, net of fees paid	—	—	190	—
Net cash provided by (used for) investing activities	61	(708)	(1,243)	(358)
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings	1,090	3,710	2,358	7,165
Payments of commercial paper and other short-term borrowings	(1,089)	(3,721)	(2,355)	(7,094)
Proceeds from issuance of common stock	47	31	114	97
Proceeds from issuance of long-term debt	4	5,974	27	7,101
Payments of long-term debt	(18)	(93)	(835)	(1,218)
Repurchases of common stock	(1,027)	(62)	(1,849)	(1,985)
Cash dividends paid	(664)	(650)	(1,304)	(1,285)
Other	(3)	(2)	(33)	(40)
Net cash provided by (used for) financing activities	(1,660)	5,187	(3,877)	2,741
Effect of foreign exchange rate changes on cash and cash equivalents	30	98	16	(91)
Net increase (decrease) in cash and cash equivalents	(291)	6,057	(2,848)	4,711
Cash and cash equivalents at beginning of period	11,718	7,721	14,275	9,067
Cash and cash equivalents at end of period	\$ 11,427	\$ 13,778	\$ 11,427	\$ 13,778

Honeywell International Inc.

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Reconciliation of Organic Sales % Change (Unaudited)

	Three Months Ended June 30, 2021
Honeywell	
Reported sales % change	18%
Less: Foreign currency translation	3%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>15%</u>
Aerospace	
Reported sales % change	9%
Less: Foreign currency translation	1%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	<u>7%</u>
Honeywell Building Technologies	
Reported sales % change	20%
Less: Foreign currency translation	7%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	<u>13%</u>
Performance Materials and Technologies	
Reported sales % change	15%
Less: Foreign currency translation	4%
Less: Acquisitions, divestitures and other, net	1%
Organic sales % change	<u>10%</u>
Safety and Productivity Solutions	
Reported sales % change	35%
Less: Foreign currency translation	3%
Less: Acquisitions, divestitures and other, net	(3)%
Organic sales % change	<u>35%</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, for the first 12 months following the transaction date. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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

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 June 30,</u>		<u>Twelve Months Ended December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
Segment profit	\$ 1,793	\$ 1,385	\$ 6,665
Stock compensation expense ⁽¹⁾	(39)	(34)	(168)
Repositioning, Other ^(2,3)	(119)	(295)	(641)
Pension and other postretirement service costs ⁽⁴⁾	(37)	(38)	(160)
Operating income	\$ 1,598	\$ 1,018	\$ 5,696
Segment profit	\$ 1,793	\$ 1,385	\$ 6,665
÷ Net sales	\$ 8,808	\$ 7,477	\$ 32,637
Segment profit margin %	20.4 %	18.5 %	20.4 %
Operating income	\$ 1,598	\$ 1,018	\$ 5,696
÷ Net sales	\$ 8,808	\$ 7,477	\$ 32,637
Operating income margin %	18.1 %	13.6 %	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 June 30,		Twelve Months Ended December 31
	2021	2020	2020
Earnings per share of common stock - assuming dilution ⁽¹⁾	\$ 2.04	\$ 1.53	\$ 6.72
Pension mark-to-market expense ⁽²⁾	—	—	0.04
Separation related tax adjustment ⁽³⁾	—	(0.27)	(0.26)
Changes in fair value for Garrett equity securities ⁽⁴⁾	(0.03)	—	—
Garrett-related adjustments ⁽⁵⁾	0.01	—	0.60
Adjusted earnings per share of common stock - assuming dilution	\$ 2.02	\$ 1.26	\$ 7.10

- (1) For the three months ended June 30, 2021 and 2020, adjusted earnings per share utilizes weighted average shares of approximately 702.5 million and 708.1 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 three months ended June 30, 2020 and 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 June 30, 2021, the adjustment was \$16 million net of tax due to changes in fair value for Garrett equity securities.
- (5) For the three months ended June 30, 2021, the adjustment was \$7 million net of tax due to a non-cash charge associated with a further reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021. For the twelve months ended December 31, 2020, the adjustment was \$427 million net of tax 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 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 and the changes in fair value for Garrett equity securities. Pension mark-to-market expense is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value for Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.

Honeywell International Inc.

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

	<u>Three Months</u> <u>Ended</u> <u>June 30, 2021</u>	<u>Three Months</u> <u>Ended</u> <u>June 30, 2020</u>
Cash provided by operating activities	\$ 1,278	\$ 1,480
Expenditures for property, plant and equipment	(185)	(227)
Garrett cash receipts	375	—
Free cash flow	1,468	1,253
Net income attributable to Honeywell	1,430	1,081
Separation related tax adjustment	—	(186)
Changes in fair value for Garrett equity securities ⁽¹⁾	(16)	—
Garrett related adjustment ⁽²⁾	7	—
Adjusted net income attributable to Honeywell	\$ 1,421	\$ 895
Cash provided by operating activities	\$ 1,278	\$ 1,480
÷ Net income (loss) attributable to Honeywell	\$ 1,430	\$ 1,081
Operating cash flow conversion %	89 %	137 %
Free cash flow	\$ 1,468	\$ 1,253
÷ Adjusted net income attributable to Honeywell	\$ 1,421	\$ 895
Adjusted free cash flow conversion %	103 %	140 %

(1) The adjustment due to changes in fair value for Garrett equity securities.

(2) For the three months ended June 30, 2021, the adjustment was \$7 million net of tax due to a non-cash charge associated with a further reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus 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 and the changes in fair value for Garrett equity securities. Pension mark-to-market is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value of Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.

Honeywell International Inc.
Reconciliation of Cash Provided by Operating Activities to Free Cash Flow (Unaudited)

	Twelve Months Ended December 31, 2024 (E) / (\$B)
Cash provided by operating activities	~\$5.9 - \$6.2
Expenditures for property, plant and equipment	~(1)
Garrett cash receipts	0.4
Free cash flow	~\$5.3 - \$5.6

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment plus 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 or changes in fair value of Garrett equity securities. Pension mark-to-market is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value of Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.

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

	Twelve Months Ended December 31, 2021 (E)
Earnings per share of common stock - assuming dilution ⁽¹⁾	\$8.05 - \$8.20
Gain on sale of retail footwear business ⁽²⁾	(0.11)
Garrett-related adjustments ⁽³⁾	0.01
Adjusted earnings per share of common stock - assuming dilution	\$7.95 - \$8.10

- (1) For the twelve months ended December 31, 2021, expected earnings per share utilizes weighted average shares of approximately 703 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.
- (3) For the twelve months ended December 31, 2021, adjustment was \$7 million net of tax due to a non-cash charge associated with a further reduction in value of reimbursement receivables following Garrett's emergence from bankruptcy on April 30, 2021.

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 or changes in fair value for Garrett equity securities, 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. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change. Changes in fair value for Garrett equity securities cannot be forecasted due to the inherent nature of changing conditions in the overall market.