

FOURTH QUARTER 2024 EARNINGS AND 2025 OUTLOOK

FEBRUARY 6, 2025

Honeywell

THE
FUTURE
IS
WHAT
WE
MAKE IT

Honeywell

FORWARD LOOKING STATEMENTS

We describe many of the trends and other factors that drive our business and future results in this presentation. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are those that address activities, events, or developments that management intends, expects, projects, believes, or anticipates will or may occur in the future and include statements related to the proposed spin-off of the Company's Advanced Materials business into a stand-alone, publicly traded company and the proposed separation of Automation and Aerospace. They are based on management's assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments, and other relevant factors, many of which are difficult to predict and outside of our control. They are not guarantees of future performance, and actual results, developments and business decisions may differ significantly from those envisaged by our forward-looking statements. We do not undertake to update or revise any of our forward-looking statements, except as required by applicable securities law. Our forward-looking statements are also subject to material risks and uncertainties, including ongoing macroeconomic and geopolitical risks, such as lower GDP growth or recession, supply chain disruptions, capital markets volatility, inflation, and certain regional conflicts, that can affect our performance in both the near- and long-term. In addition, no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this presentation can or will be achieved. These forward-looking statements should be considered in light of the information included in this presentation, our Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

NON-GAAP FINANCIAL MEASURES

This presentation contains financial measures presented on a non-GAAP basis. Honeywell's non-GAAP financial measures used in this presentation are as follows: Segment profit, on an overall Honeywell basis; Segment profit margin, on an overall Honeywell basis; Organic sales percent change; Free cash flow; Free cash flow excluding impact of settlements; Adjusted earnings per share; Adjusted income before taxes; Adjusted income tax expense; and Adjusted effective tax rate, if and as noted in the presentation. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Refer to the Appendix attached to this presentation for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

KEY MESSAGES

- **Positive fourth quarter finish on sales, EPS, and cash; orders growth in all four segments**
- **2025 guidance reflects current view of external operating environment**
- **Portfolio evaluation concluded - clear direction for next phase of Honeywell's transformation**

Continuing to Drive Transformation of Honeywell

PORTFOLIO EVALUATION UPDATE

Following the completion of a one-year internal portfolio review, the Honeywell Board has concluded the separation of Automation and Aerospace is in best interest of HON shareholders

- **Next logical step in Honeywell's portfolio transformation to unlock significant value for all stakeholders through more targeted structures**
- **Builds on foundation of strategic and operational actions taken to simplify Honeywell**
- **Enables greater strategic focus, operational independence, and financial flexibility**
- **Creating three industry-leading public companies with tailored strategies and growth drivers**
- **Expecting to complete tax-free separation to Honeywell shareholders in 2H 2026**

Forming Standalone Automation, Aerospace, and Advanced Materials Leaders

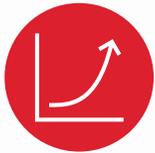
THE TIME IS RIGHT



Operational transformations:
Streamlined, digitalized backbone
and integrated supply chains



Best-in-class operating playbook:
Mature Accelerator operating system
fostering a culture of execution and rigor



Portfolio optimization progress:
Business re-segmentation; strategic
bolt-ons and non-core pruning



Divergence of business strategies:
Differing end market dynamics / strategic
choices requiring independent go-forward paths

Opportune Moment for Separation in Pursuit of Long-Term Value Creation

RATIONALE FOR SEPARATION



STRATEGIC

- Singular focus providing **clear alignment in company purpose** and incentives
- **Greater end market intimacy** and faster reaction time to changing market dynamics



OPERATIONAL

- **Enhanced organizational agility**, greater accountability, and simplified decision-making
- **Dedicated boards** with highly relevant domain expertise



FINANCIAL

- Investor base aligned with each company's **distinct and compelling investment profiles**
- Improved ability to **customize capital allocation priorities** aligned with strategic focus

Best Path Forward to Create Value for All Stakeholders

THREE INDUSTRY-LEADING PUBLIC COMPANIES

HONEYWELL AUTOMATION

HONEYWELL AEROSPACE

ADVANCED MATERIALS

Advantages



Global scale, with a **comprehensive portfolio** of technologies, solutions, and software **driving productivity**



Large **installed base**, recurring AM sales, best-in-class margins with leading R&D investment



Unique financial profile with **market-leading brands** across specialty chemicals and materials

Strategy



Build on **vast installed base** and deepen presence in **high-growth verticals**



Capitalize on multi-year commercial **OE** and **defense investment upcycle**



Enhanced financial flexibility to **pursue innovation and develop new solutions** with next-gen chemistry

Long-Term Growth Drivers



Positioned to **address the future of automation, energy, and digitalization**



Address the future of aviation through electrification and autonomy of flight



IP-protected portfolio serving **growing regulatory-driven markets**

Pure play automation leader solving the world's most complex problems and powering digital transformation globally

Premier technology and systems provider for all forms of aircraft; to be one of the largest publicly-traded aerospace suppliers

Sustainability-focused specialty chemicals and materials pure play; leading technologies and compelling investment profile

Pursuing Tailored Growth Strategies as Three Independent Public Companies

HONEYWELL AUTOMATION

INVESTMENT HIGHLIGHTS

- Delivering the buildings and industrial infrastructure of the future, leveraging process technology, software, and AI-enabled, autonomous solutions
- Large installed base across diverse end markets
- Driving differentiated performance through increasing exposure to high-growth verticals
- Leading Honeywell Forge IoT platform enabling recurring revenue streams
- Track record of continuous improvement in operating efficiency through Accelerator
- Commitment to strong investment grade balance sheet providing financial flexibility for value-creating capital allocation
- Representative comparable companies: Emerson Electric, Rockwell Automation, Johnson Controls

BUSINESS OVERVIEW¹

Financial Overview

\$18B
Sales

23%
Segment Margin

4%
R&D % of Sales

Operational Highlights

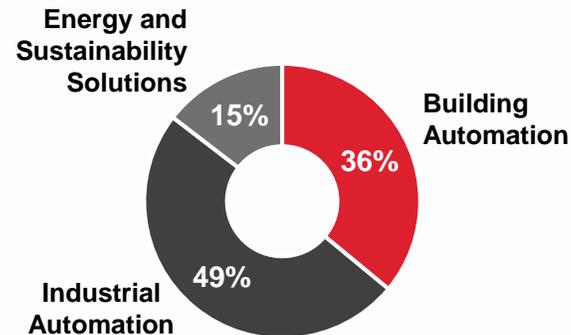
>10M
Global installed base in buildings

~17K
Process plants use HON technology

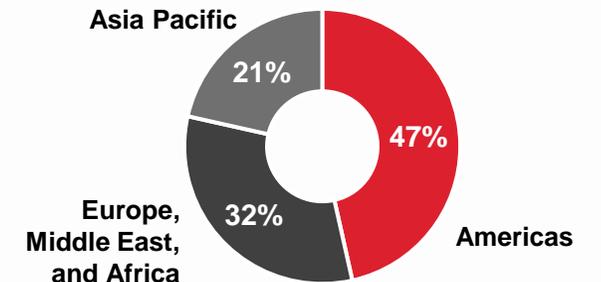
11K+
Active channel partners

66
Licenses sold by UOP in renewable fuels

Vertical Sales Mix



Geographic Sales Mix



1. All sales and segment margin figures represent 2024 actual results derived from internal management reporting. All figures exclude Personal Protective Equipment business due to pending sale.

A Pure Play Automation Leader with Global Scale and a Vast Installed Base

HONEYWELL AEROSPACE

INVESTMENT HIGHLIGHTS

- **Global scale** in the highest-value and most critical areas across aerospace and defense value chains
- **Compelling organic growth** driven by robust end markets and differentiated revenue initiatives decoupled from flight hours and build rates
- Platform agnostic, technology-focused systems provider with **robust R&D levels** and **investment pipeline**
- **Focused on executing on significant demand runway**, as well as positioning the business for the **future of aviation** across electrification and autonomy of flight
- **Industry-leading profitability led by operational efficiency and differentiated portfolio**
- **Acquisition opportunities** in high-growth areas; commitment to **strong investment grade balance sheet**
- **Representative comparable companies:** GE Aerospace, TransDigm, RTX

BUSINESS OVERVIEW¹

Financial Overview

\$15B
Sales

26%
Segment Margin

4%
Company-funded
R&D % of Sales

7%
Customer-funded
R&D % of Sales²

Operational Highlights

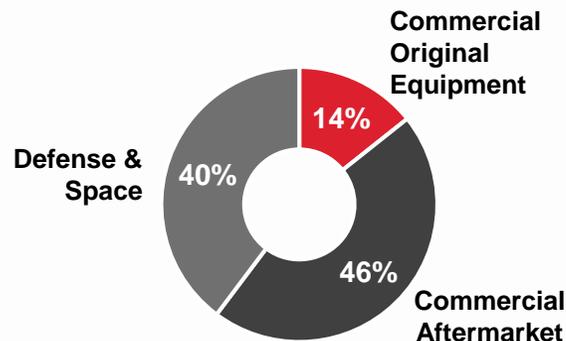
~90%
of Global aircraft use
HON avionics

100K+
APUs delivered
since 1959

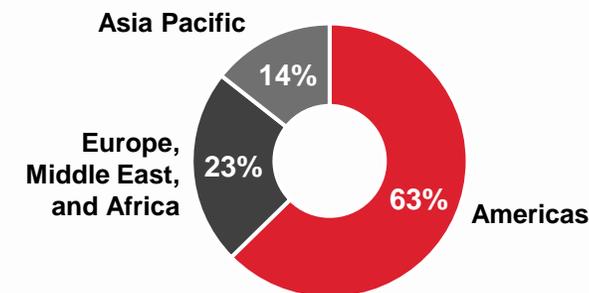
72K
Engines delivered
since 1959

~80%
of orbiting Satellites
have HON content

Vertical Sales Mix



Geographic Sales Mix



¹. All sales and segment margin figures represent 2024 actual results.

². Includes deferred customer-funded nonrecurring engineering and development activities and expenditures on customer programs with a significant engineering performance obligation.

Well-Positioned to Enable the Future of Aviation

ADVANCED MATERIALS

INVESTMENT HIGHLIGHTS

- Leading positions across variety of end markets, supported by a **compelling IP portfolio**
- **Innovative solutions** enjoying global IP protection
- **Deep relationships with blue chip customers**
- **Large-scale, domestic manufacturing base**
- Key products enabling customer transition to **low-carbon solutions**
- Trusted provider of **high-end armor technology**
- Only domestic supply of non-biomass feedstock for **clean electric power generation**
- **Strong, non-investment grade credit rating**
- **Representative comparable companies:** DuPont, Element Solutions

BUSINESS OVERVIEW¹

Financial Overview

\$4B
Sales

>25%
EBITDA Margin

2%
R&D % of Sales

Operational Highlights

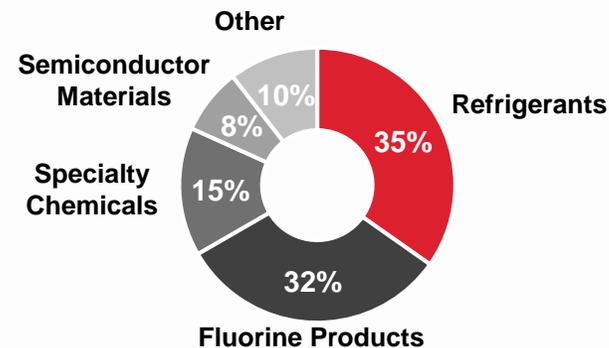
>5K
Active patents and applications

400+
Technologists and engineers

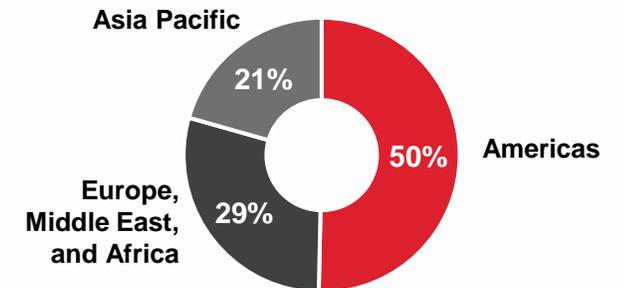
\$1B
Spent on Solstice R&D and capacity

88M
Cars (emissions equivalent) avoided by Solstice

Vertical Sales Mix



Geographic Sales Mix



1. All sales and EBITDA figures represent 2024 actual results derived from internal management reporting, further adjusted for preliminary cost and expense allocations, including corporate expenses. These figures will be refined prior to the transactions. We define EBITDA as adjusted income before taxes adjusted for interest and other financial charges, interest income, and depreciation and amortization.

Unique Financial Profile in Specialty Chemicals with Market-Leading Solutions

PORTFOLIO TRANSFORMATION UPDATE

	2023	2024	2025 - 2026+
Strategy and Organization	<ul style="list-style-type: none"> Strategic alignment around three megatrends Business re-segmentation 	<ul style="list-style-type: none"> Initiation of comprehensive internal business and portfolio review including transformational actions 	<ul style="list-style-type: none"> Continued strategy execution and preparation to create three independent public companies Progress Quantinum technical milestones for eventual IPO
Strategic Bolt-on Acquisitions	<ul style="list-style-type: none"> CCC (IA) <i>Jun 2023</i> SCADAfence (IA) <i>Aug 2023</i> 	<ul style="list-style-type: none"> Access Solutions (BA) <i>Jun 2024</i> Civitanavi (AT) <i>Aug 2024</i> CAES Systems (AT) <i>Sep 2024</i> Air Products LNG (ESS) <i>Sep 2024</i> 	<ul style="list-style-type: none"> Continued portfolio optimization Enhance value proposition of each business through strategic bolt-ons in high-growth segments
Separations and Divestitures	<ul style="list-style-type: none"> Proactive portfolio pruning 	<ul style="list-style-type: none"> Sale of PPE (IA) <i>Announced Nov 2024</i> → Spin of Advanced Materials (ESS) <i>Announced Oct 2024</i> → 	<ul style="list-style-type: none"> Complete PPE sale <i>Close 1H of 2025</i> Spin Advanced Materials (ESS) <i>Complete by end of 2025 or early 2026</i> Separate Aero and Automation <i>Complete in 2H 2026</i>

Creation of Three Public Companies an Important Step in Portfolio Optimization

PATH FORWARD

TIMING

- Spin of Advanced Materials anticipated in late 2025 or early 2026
- Separation of Aerospace and Automation expected in 2H 2026

CLOSING CONDITIONS

- Filing and effectiveness of applicable filings with SEC (including Form 10)
- Customary confirmation that separations are expected to be tax-free to shareowners
- Regulatory and other customary approvals
- Final board of directors' approval

CAPITAL STRUCTURE

- Balance sheets appropriate for each business's operations
- Automation and Aerospace to maintain strong investment grade credit ratings
- Flexibility to meet capital deployment priorities

SEPARATION COSTS

- One-time costs of \$1.5B - \$2B¹ across both separation of Automation / Aerospace and Advanced Materials spin
- Stranded costs to be eliminated within 12 - 24 months post-closing
- Dedicated "separation team" to manage separation execution

NEXT STEPS

- Deliver on our commitments to our customers, shareholders, and employees
- Portfolio shaping to continue
- Key additional details shared for each entity along the way

1. Subject to detailed development and execution of separation restructuring plans.

Focus on Execution as Portfolio Transformation Enters Next Phase

2024 RESULTS

FY 2024 ACTUAL

\$9.89

\$10.34 ex. BBD¹

Up 3%

Up 4% ex. BBD¹

(90) bps

Down (20) bps ex. BBD¹

\$4.9B

\$5.5B ex. BBD¹

\$14.6B

M&A, Dividends,
Share Repurchases, and
Capital Expenditures

4Q 2024 ACTUAL

\$2.47

\$2.93 ex. BBD¹

Up 2%

Up 6% ex. BBD¹

(350) bps

Down (70) bps ex. BBD¹

\$1.9B

\$2.4B ex. BBD¹

\$3.4B

M&A, Dividends,
Share Repurchases, and
Capital Expenditures

4Q 2024 GUIDANCE

\$2.26 - \$2.36

\$2.73 - \$2.83 ex. BBD¹

Down (2%) - Flat

Up 2% - 4% ex. BBD¹

(350) - (310) bps

Down (60) - (20) bps ex. BBD¹

2024 HIGHLIGHTS

- Exceeded upper end of fourth quarter sales and EPS guidance
- Organic sales growth of 3%, or 4% excluding the impact of the BBD agreement¹
- Segment margin contracted (20) bps to 23.3% ex. BBD¹; delivered margin expansion in Building Automation
- Segment profit growth of 1%, or 6% ex. BBD¹
- Adjusted earnings per share grew 4%, or 9% ex. BBD¹
- Generated free cash flow at the upper end of latest guidance range at \$4.9B, or \$5.5B ex. BBD¹
- Record backlog of \$35.3B, up 11% and up 6% excluding the impact of 2024 acquisitions
- Signed landmark deal to deliver next-gen avionics, engines and satcom for current / future Bombardier aircraft; \$17B lifetime revenue potential
- Deployed \$14.6B of capital to M&A, dividends, share repurchases, and capex; committed \$8.9B to portfolio-enhancing acquisitions
- Closed four acquisitions and announced two divestitures
- Raised dividend for the 15th time in past 14 years

* Non-GAAP financial measure

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Good Finish to the Year - Portfolio Execution in High Gear

2025 OUTLOOK

END MARKETS



Fleet growth and replenishment, defense investment cycle



Automation investments, ongoing labor shortages, supply chain resiliency initiatives, infrastructure spending (private and public)



Energy transition, capacity and infrastructure build out



Demand for digitalization, enhanced operational efficiencies, AI capabilities

GEOGRAPHIES

- **U.S.** growth steady
- **High Growth Regions** will continue to be a source of differentiation
- Some automation headwinds in **Europe and China**

ORGANIC GROWTH

- **Challenging macroeconomic environment and heightened geopolitical tension** tempering outlook
- **Strength continues in long-cycle** and aftermarket services; growth led by Aerospace and Building Automation, partially offset by muted expectations for Industrial Automation
- Demand profile remains resilient with **record backlog levels**
- **Upside potential** if demand accelerates for short-cycle products
- **Recently acquired businesses growing at accretive rates**

PORTFOLIO OPTIMIZATION

- **Advanced Materials spin** to be completed late 2025 or early 2026
- **Sale of PPE business** expected to close 1H of 2025
- M&A remains a priority
- Focus on **seamless integration / driving synergies** from recent acquisitions

OPERATING LEVERAGE AND CASH

- Benefits from **Accelerator operating system offsetting margin pressure** from less favorable business mix, CAES integration
- **Price normalizing** amidst moderating cost inflation
- **Free cash flow growth (at least)** in line with Adj. EPS (ex. BBD¹)
- Multi-year **inventory unwind** to gain momentum
- Strong pipeline of **growth capex**

OTHER FACTORS

- BBD agreement¹ in 4Q24 enhances 2025 organic sales growth by ~1% and segment profit by ~70 bps due to lower 2024 base
- Return to target repositioning range of \$150M - \$250M after a light 2024
- Determining magnitude of impact from new tariffs

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Positive Outlook Overall; Prudent to Plan for Modest Growth

1Q AND FY 2025 OUTLOOK

1Q GUIDANCE

SALES

\$9.5B - \$9.7B

Flat - Up 2% Organically*

SEGMENT MARGIN*

22.5% - 22.9%

Down (50) - (10) bps

ADJUSTED EPS*

\$2.15 - \$2.25

Down (8%) - (4%)

NET BELOW THE LINE IMPACT²

(\$290M - \$340M)

Effective tax rate Share count
~22% **~654M**

FY GUIDANCE

SALES

\$39.6B - \$40.6B

Up 2% - 5% Organically*

Up 1% - 4% ex. BBD¹

SEGMENT MARGIN*

23.2% - 23.6%

Up 60 - 100 bps

Down (10) - Up 30 bps ex. BBD¹

ADJUSTED EPS*

\$10.10 - \$10.50

Up 2% - 6%

Down (2%) - Up 2% ex. BBD¹

FREE CASH FLOW*

\$5.4B - \$5.8B

Up 10% - 18%

Down (2%) - Up 5% ex. BBD¹

FY25 guidance assumes mid-year close of PPE sale
 See slide 16 and appendix slide 30 for more details

* Non-GAAP financial measure

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

2. Net below the line impact is the difference between segment profit and income before tax. Impact includes interest and other financial charges, interest income, amortization of acquisition-related intangibles, stock compensation expense, pension ongoing income, other postretirement income, amortization of acquisition-related intangibles, certain acquisition- and divestiture-related costs and impairments, and repositioning and other charges.

Delivering Growth Amid Economic Uncertainty

FY 2025 SEGMENT GUIDANCE

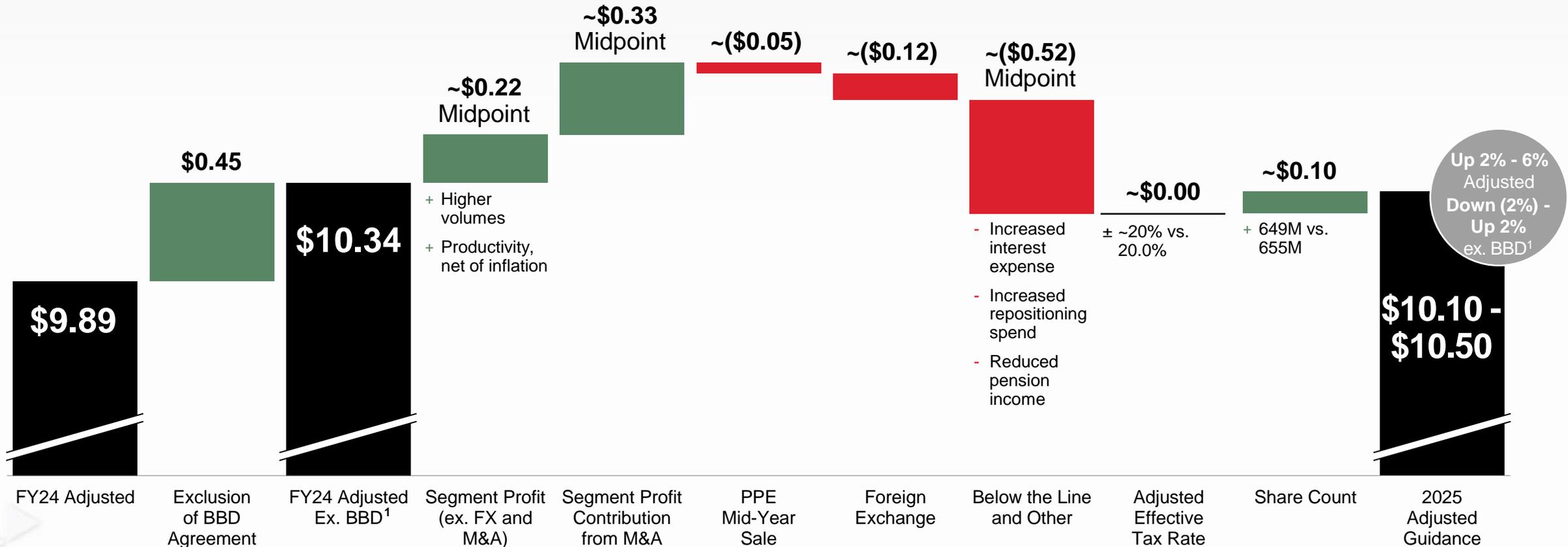
(\$M)	ORGANIC GROWTH RESULTS		ORGANIC GROWTH GUIDANCE		2025 COMMENTARY
	4Q 2024	FY 2024	1Q 2025	FY 2025	
AT	1% 11% ex. BBD ¹	11% 14% ex. BBD ¹	MSD	HSD MSD - HSD ex. BBD ¹	<ul style="list-style-type: none"> Growth strongest in commercial OE driven by shipset output ramp Sustained momentum in commercial aftermarket, defense and space Margin of ~26% as mix pressure from commercial OE offsets volume leverage, with ~-(100 bps) impact ex. BBD¹ from CAES integration weighing on core margins
IA	0%	(7%)	(LSD)	(LSD)	<ul style="list-style-type: none"> Guidance assumes static demand; upside dependent on timing of market recovery HPS leads growth; warehouse automation stabilizes from 2024 lows; PSS ramps in 2H from product refresh; sensing mixed; PPE a drag in 1H, boost in 2H from exit Margin expansion from commercial excellence, favorable mix impacts
BA	8%	2%	LSD	LSD - MSD	<ul style="list-style-type: none"> Solutions growth outpaces products; orders strength in datacenters, airports, hospitality projects; products growth turns positive Gradual recovery in Europe, high growth regions robust Margin improvement due to productivity, accretive M&A
ESS	1%	2%	(LSD)	LSD	<ul style="list-style-type: none"> Robust 2024 UOP orders converts into sales growth; ongoing STS momentum Advanced Materials back-half weighted as the business laps tough 1H comps Better margins from volume leverage, benefit from LNG acquisition

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Prudent Guidance Assuming Current Conditions

2025 EARNINGS PER SHARE BRIDGE

Guidance Ranges: **\$0.08 - \$0.36** **\$0.32 - \$0.34** **(\$0.57) - (\$0.47)**



1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Segment Profit Growth Offset by FX and Below the Line Headwinds

SUMMARY

- Resilient performance in 2024 despite challenging macro backdrop
- 2025 outlook reflects current state of demand while navigating economic uncertainty; impact of accretive M&A
- After extensive internal portfolio review, Honeywell Board has concluded an Automation and Aerospace separation will unlock significant value for all stakeholders
- Creating three industry-leading public companies with tailored strategies and growth drivers

2025 is Important Next Step to Unlock Additional Value Creation



Appendix

BUSINESS AND INDUSTRY CHARACTERISTICS

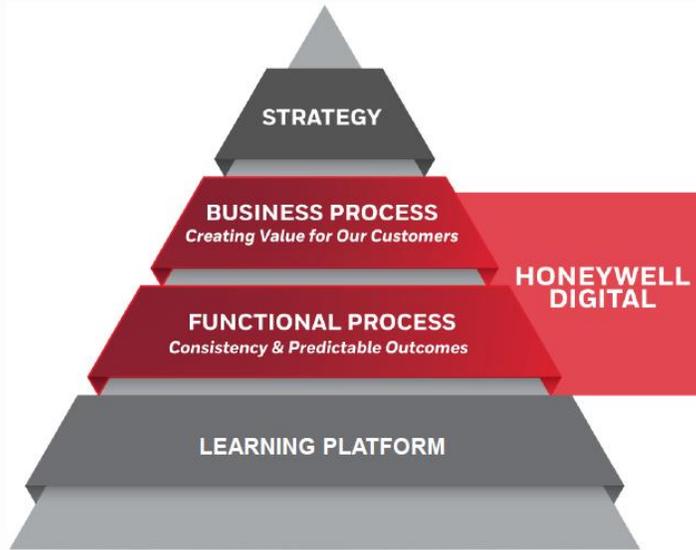
	HONEYWELL AUTOMATION	HONEYWELL AEROSPACE	ADVANCED MATERIALS
Cycle Dynamics	Mix of Long and Short	Long	Short
Capital Intensity	Low	Medium	High
Aftermarket Presence	Medium	High	Low
Primary Go-to-Market Approach	Direct and Channel Partners	Direct	Direct
Customer Concentration	Low	Medium	Medium

Distinct Features Appealing to Discrete Investor Bases

HONEYWELL ACCELERATOR

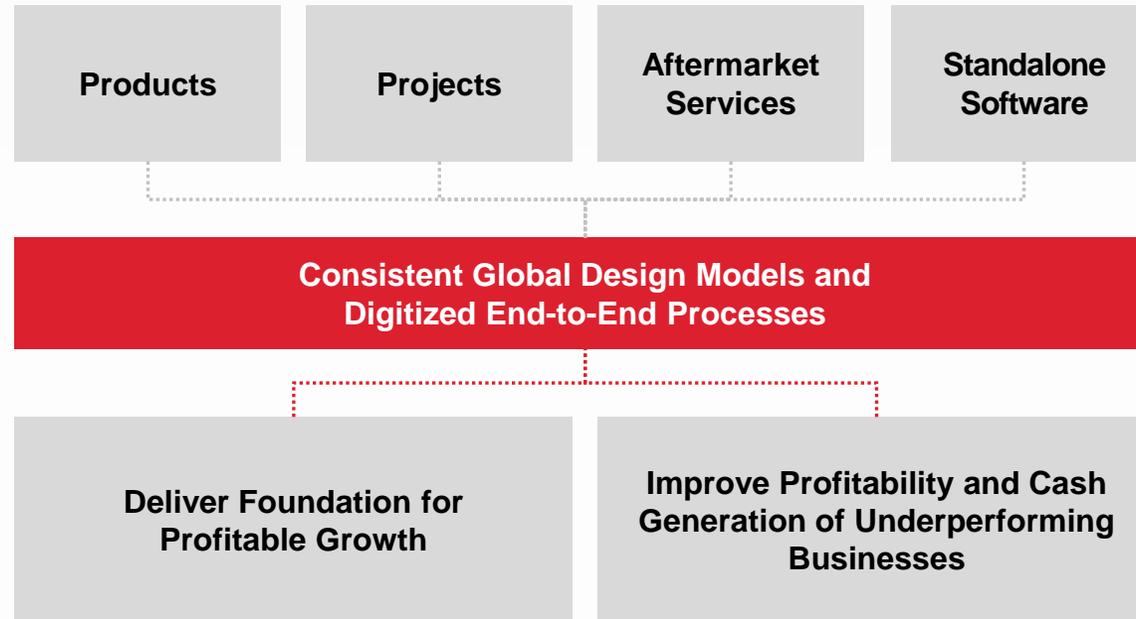
WHAT IS ACCELERATOR?

Accelerator contains all the best practices, tools, and digital platforms to **deliver best-in-class performance**



BUSINESS MODEL STANDARDIZATION

Pivot from functional process excellence to business model value creation



Maximizing value creation for the current business and the future



Honeywell Aerospace



Honeywell Automation



Advanced Materials

Culture of Execution; Best-in-Class Operating System for Three Companies

LANDMARK AGREEMENT WITH BOMBARDIER

Differentiated Technologies



Next-generation
Anthem avionics suite



Latest evolution of our
HTF7K engine series



Satellite communications
providing enhanced safety
services capabilities

Commercial Proof Points and Key Details

- **Honeywell's differentiated technology chosen** to unlock high-value upgrades for current and future Bombardier aircraft
- **Revenue potential up to \$17 billion** over the life of the agreement, **beginning in late 2020s**
- 2024 one-time financial impact leading to **compelling long-term economics**
- **No impact** to 2025 financial outlook

2024 Financial Impact

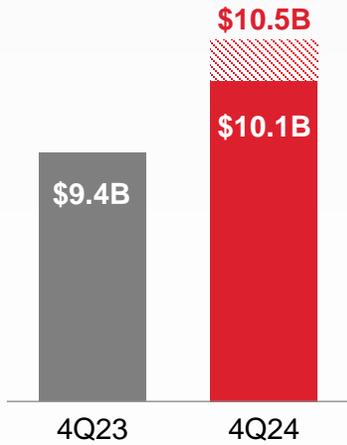
Sales	(\$372M)
Segment Profit	(\$372M)
Segment Margin	(70) bps
Earnings Per Share	(\$0.45)
Free Cash Flow	(\$526M)

Bombardier Partnership Unlocks Long-Term Value Creation

4Q 2024 FINANCIAL SUMMARY

SALES

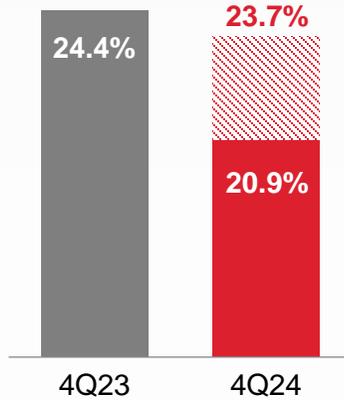
Up 2% Organic*
Up 6% ex. BBD¹



- + Double-digit organic growth in defense and space and building solutions
- + Broad-based long-cycle strength
- Volume headwinds in Industrial Automation

SEGMENT MARGIN*

Down (350) bps
Down (70) bps ex. BBD¹



- + Segment profit declined (8%), up 8% ex. BBD¹
- + 250 bps expansion in Building Automation
- Margin contraction as a result of less favorable mix within our businesses
- (280) bps margin contraction from the BBD agreement¹

ADJUSTED EPS*

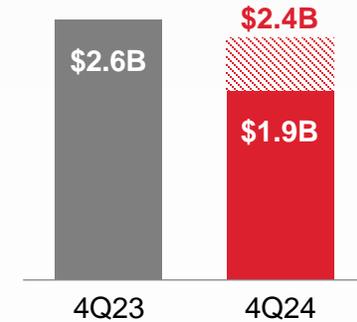
Down (8%)
Up 9% ex. BBD¹



- + Higher segment profit ex. BBD¹
- + Lower share count (655M vs. 661M)
- + Lower adjusted effective tax rate (16.7% vs. 18.6%)
- Higher interest expense

FREE CASH FLOW*

Down (27%)
Down (7%) ex. BBD¹



- + Higher net income ex. BBD¹
- + Deployed \$3.4B to M&A, dividends, share repurchases, and capex
- Working capital headwinds

* Non-GAAP financial measure

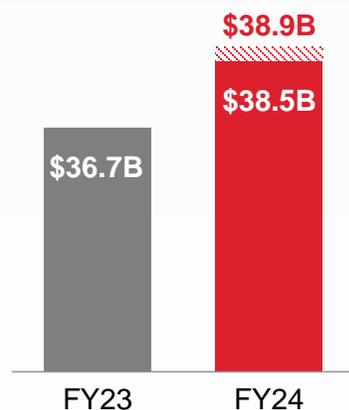
1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Operating Excellence in Challenging Environment

FY 2024 FINANCIAL SUMMARY

SALES

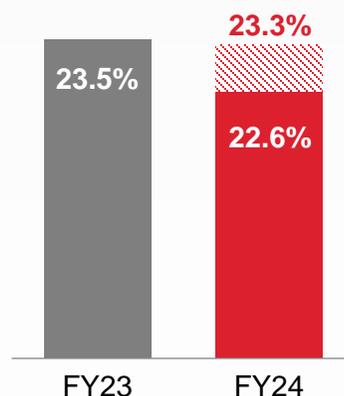
Up **3% Organic***
Up **4%** ex. BBD¹



- + Ongoing long-cycle strength; double-digit growth in Aerospace Technologies and building solutions
- + Meaningful benefit from 2024 acquisitions; over \$800M
- Industrial Automation volume headwinds

SEGMENT MARGIN*

Down **(90) bps**
Down **(20) bps** ex. BBD¹



- + Commercial excellence in all four segments
- Mix headwinds driven by short-cycle volume softness
- + Margin expansion in Building Automation
- (70) bps margin contraction from the BBD agreement¹

ADJUSTED EPS*

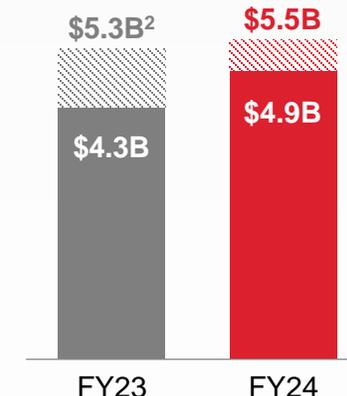
Up **4%**
Up **9%** ex. BBD¹



- + Higher segment profit
- + Lower share count (655M vs. 668M)
- + Lower adjusted effective tax rate (20.0% vs. 20.9%)
- Higher interest expense

FREE CASH FLOW*

Up **15%**
Up **3%** ex. BBD¹ and settlements²



- + Higher net income
- + Deployed a record \$14.6B of capital to M&A, dividends, share repurchases, and capex
- Working capital headwinds driven by elevated AT inventory

* Non-GAAP financial measure

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

2. Please refer to the Appendix for reconciliation of non-GAAP financial measure adjusted for the impact of settlements related to the NARCO Buyout, HWI sale, and UOP Matters.

Solid Growth and Record Capital Deployment to Acquisitions

4Q 2024 SEGMENT RESULTS

(\$M)	SALES	SEGMENT MARGIN CHANGE (BPS)	COMMENTARY
AT	\$3,986 Up 1% Organic	20.3% Down (780) bps	<ul style="list-style-type: none"> Double-digit organic sales growth in commercial aftermarket with over 20% growth in air transport; fourth consecutive quarter of double-digit sales growth in defense and space on robust global demand First full quarter of benefit from CAES Systems and Civitanavi acquisitions, which are growing at accretive rates Margin contraction as higher volume leverage and productivity actions were more than offset by the Bombardier agreement¹, cost inflation, and mix pressure within original equipment
	\$4,358 Up 11% ex. BBD ¹	27.1% Down (100) bps ex. BBD ¹	
IA	\$2,566 Flat Organic	19.6% Down (200) bps	<ul style="list-style-type: none"> Sequential sales improvement in Process Solutions, Productivity Solutions and Services, and Safety and Sensing Technologies Lower warehouse automation volumes tempered by over 50% orders growth Margin contraction due to cost inflation, prior year license and settlement payments, and one-time asset write-downs, partially offset by commercial excellence and productivity actions
BA	\$1,798 Up 8% Organic	26.8% Up 250 bps	<ul style="list-style-type: none"> Double-digit organic sales growth in building solutions led by datacenter projects; return to growth in building products with strength in fire products Third consecutive quarter of double-digit organic orders growth led by fire products and healthcare in building solutions Margin expansion of 250 basis points to 26.8% year over year, fourth consecutive quarter of sequential margin expansion
ESS	\$1,733 Up 1% Organic	24.9% Down (180) bps	<ul style="list-style-type: none"> UOP up 3% organically led by strength in gas processing solutions and equipment; first full quarter of benefit from LNG acquisition, accretive to growth and margin Third consecutive quarter of double-digit growth in orders with strength in advanced materials; overall book-to-bill of 1.3x Margin contraction due to cost inflation and volume deleverage in advanced materials, partially offset by commercial excellence and benefit from the LNG acquisition

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

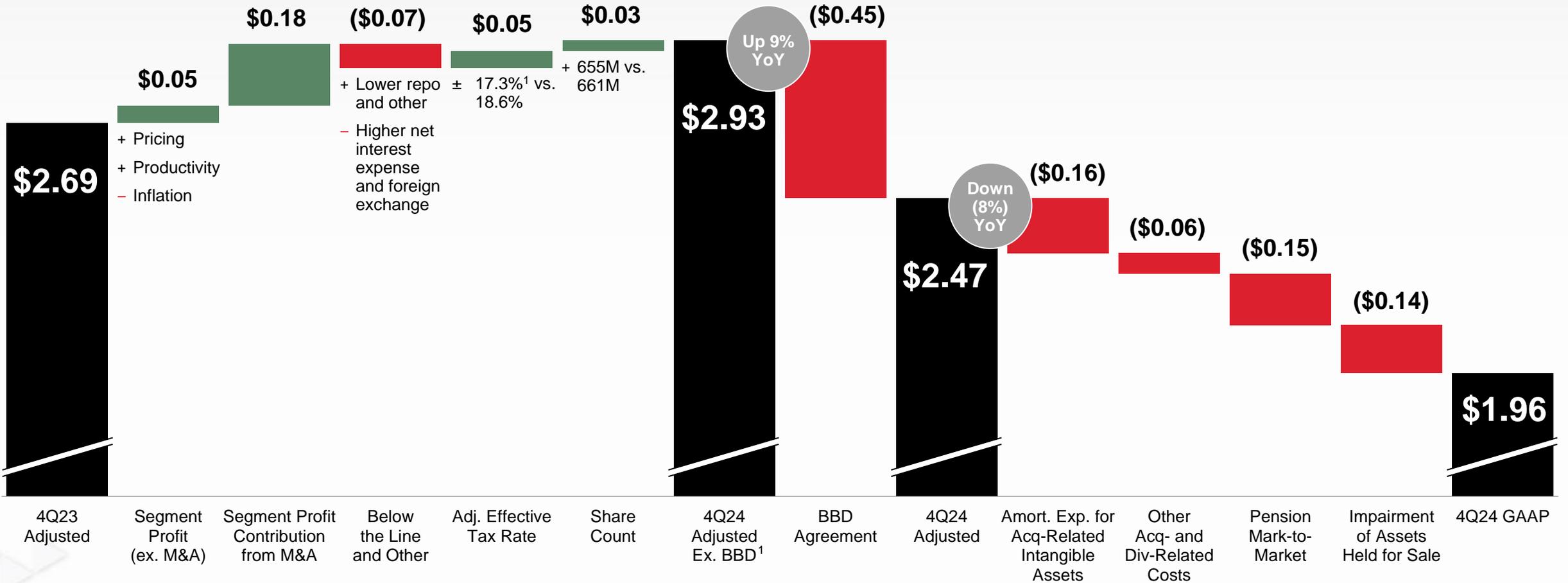
Ongoing Orders Strength Creating Forward Momentum

4Q AND FY 2024 SALES GROWTH

	4Q Reported	4Q Organic	FY Reported	FY Organic
AEROSPACE TECHNOLOGIES	9%	1%	13%	11%
<i>AEROSPACE TECHNOLOGIES (EX. BBD¹)</i>	<i>19%</i>	<i>11%</i>	<i>16%</i>	<i>14%</i>
Commercial Aviation Original Equipment	(62%)	(61%)	(7%)	(7%)
<i>Commercial Aviation Original Equipment (ex. BBD¹)</i>	<i>(7%)</i>	<i>(7%)</i>	<i>8%</i>	<i>8%</i>
Commercial Aviation Aftermarket	17%	17%	14%	15%
Defense and Space	34%	14%	22%	15%
INDUSTRIAL AUTOMATION	(1%)	0%	(7%)	(7%)
Process Solutions	2%	3%	2%	1%
Productivity Solutions and Services	(8%)	(7%)	(8%)	(8%)
Sensing and Safety Technologies	(4%)	(4%)	(8%)	(8%)
Warehouse and Workflow Solutions	(5%)	(5%)	(37%)	(37%)
BUILDING AUTOMATION	20%	8%	8%	2%
Building Products	26%	5%	8%	(3%)
Building Solutions	11%	11%	9%	10%
ENERGY AND SUSTAINABILITY SOLUTIONS	4%	1%	3%	2%
UOP	11%	3%	2%	0%
Advanced Materials	(1%)	(1%)	4%	4%

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

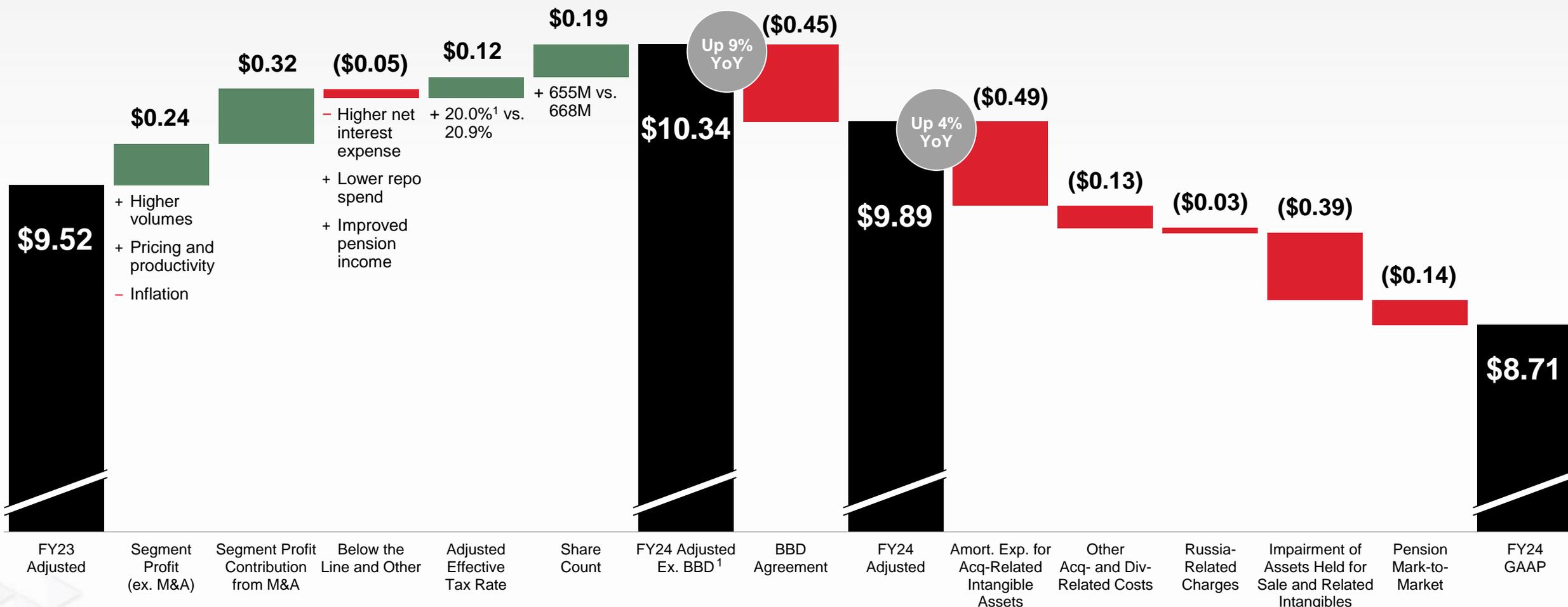
4Q 2024 EARNINGS PER SHARE BRIDGE



1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Segment Profit the Primary Driver of EPS Growth

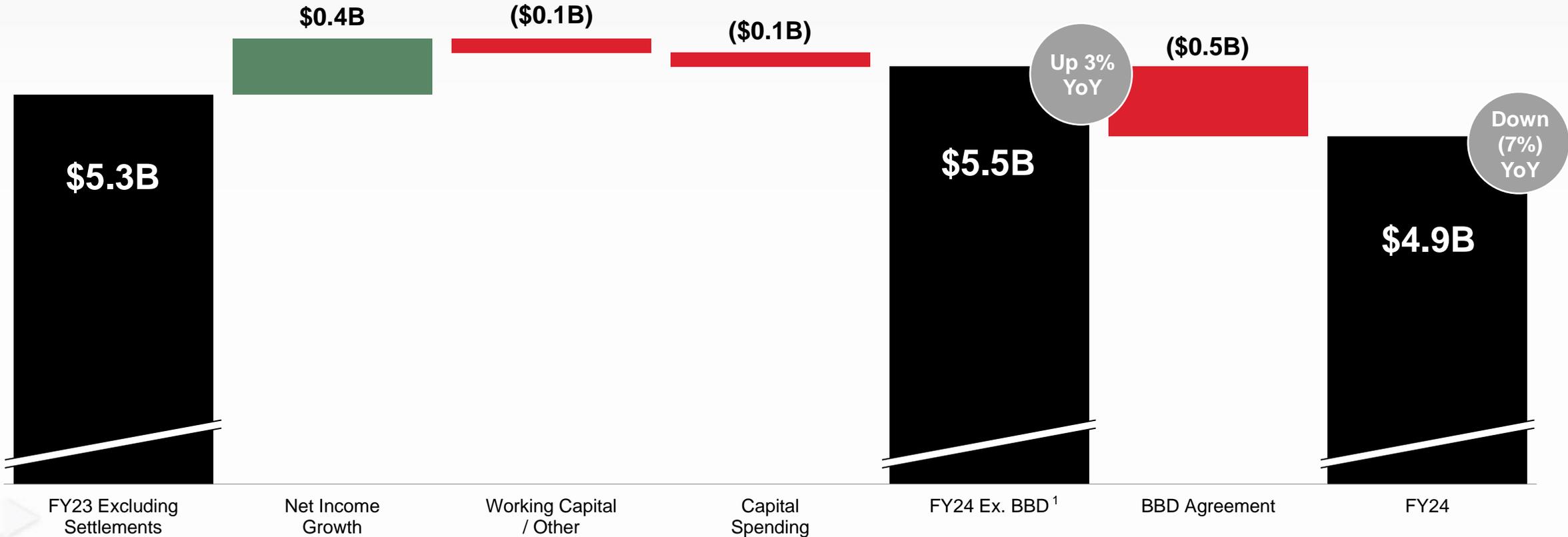
FY 2024 EARNINGS PER SHARE BRIDGE



1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Segment Profit Growth and Share Count Drove EPS Improvement

FY 2024 FREE CASH FLOW BRIDGE



1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

FCF YoY Growth Excluding BBD Agreement Driven by Net Income Growth

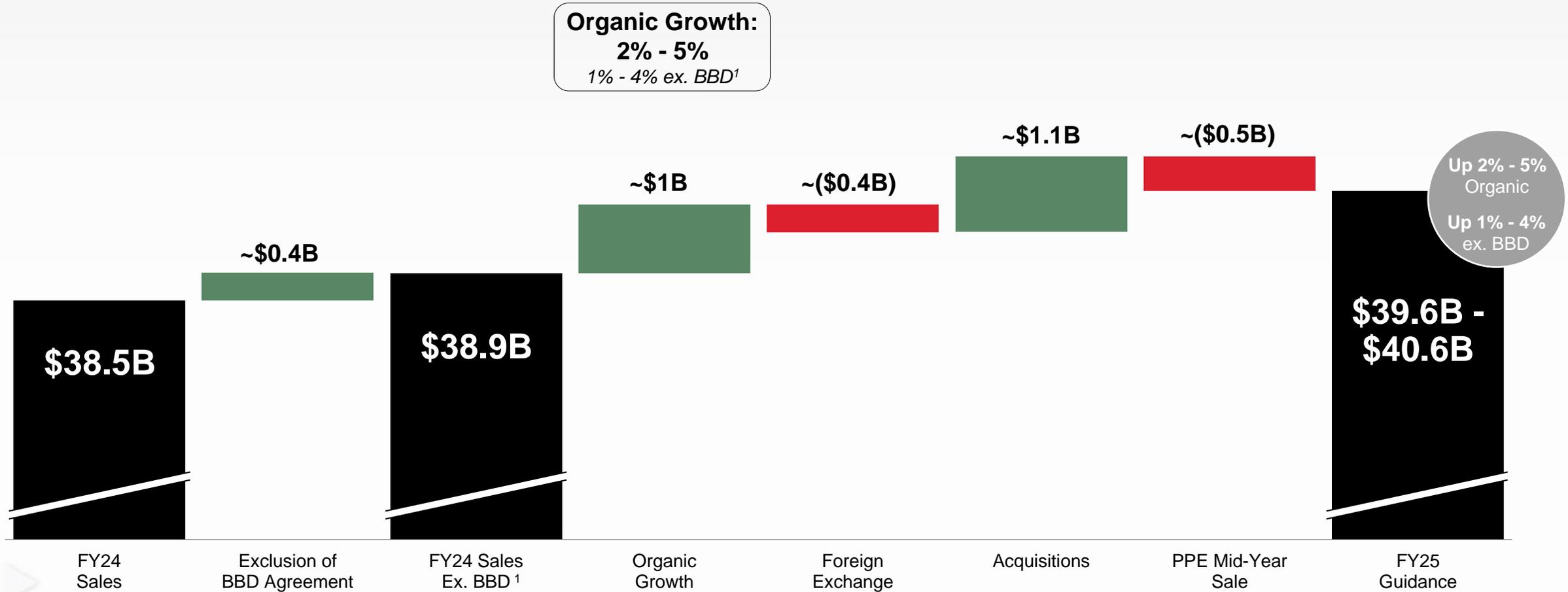
FY 2024 SEGMENT RESULTS

(\$M)	SALES	SEGMENT MARGIN CHANGE (BPS)	COMMENTARY
AT	\$15,458 Up 11% Organic	25.8% Down (180) bps	<ul style="list-style-type: none"> Organic growth of 15% in commercial aftermarket driven by strong demand in air transport Robust double-digit growth in defense and space from continued global demand and supply chain unlock Acquired CAES Systems and Civitanavi, which are expected to grow at accretive rates
	\$15,830 Up 14% ex. BBD ¹	27.5% Down (10) bps ex. BBD ¹	
IA	\$10,051 Down (7%) Organic	19.5% Down (100) bps	<ul style="list-style-type: none"> Continued growth in process solutions; productivity solutions and services returned to organic growth excluding the prior year license and settlement agreement Orders returned to growth; book to bill of 1.0x Margin contraction due to volume deleverage and cost inflation, partially offset by productivity and commercial excellence
BA	\$6,540 Up 2% Organic	25.7% Up 30 bps	<ul style="list-style-type: none"> 2% organic sales growth year over year driven by double-digit growth in building solutions; favorable exit rate in building products supported by strong order momentum in datacenters and healthcare Acquired Access Solutions, creating a scaled security platform with an attractive long-term growth profile Margin expansion driven by productivity actions and commercial excellence, partially offset by cost inflation and higher sales growth in long-cycle building solutions
ESS	\$6,425 Up 2% Organic	23.7% Down (10) bps	<ul style="list-style-type: none"> Record orders year for total ESS and advanced materials; over 90% orders growth in Sustainable Technology Solutions Closed Air Products' LNG acquisition for \$1.8 billion, further strengthening our leadership in the energy transition megatrend Margin contraction of 10 basis points due to cost inflation, partially offset by commercial excellence and business mix

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Growth Driven By Long-Cycle Strength

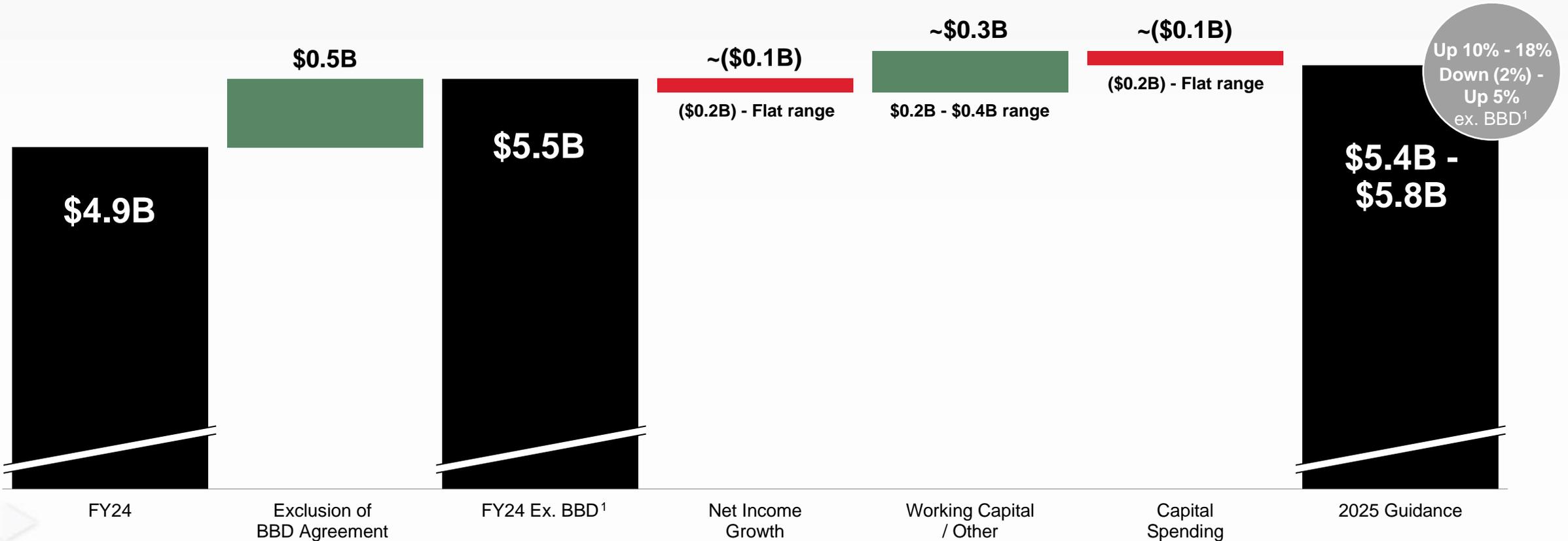
2025 SALES BRIDGE



1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Acquisitions Growing at Accretive Rates, Boosting Sales Growth

2025 FREE CASH FLOW BRIDGE



Up 10% - 18%
Down (2%) -
Up 5%
ex. BBD¹

1. 4Q24 financial results include impact of the Bombardier Agreement announced on December 2, 2024, resulting in a reduction to Sales of \$0.4B, Net Income of \$0.3B, and Cash Flow of \$0.5B.

Net Income and Working Capital Driving FCF Growth in 2025

ADDITIONAL 2025 INPUTS

	2024	2025E	1Q25E	COMMENTARY
Pension / OPEB	\$603M	~\$550M	~\$90M	<ul style="list-style-type: none"> Year over year headwind from one-time item in 1Q25
Repositioning	(\$115M)	(\$150M - \$250M)	(\$30M - \$70M)	
Other Below the Line¹	(\$1,045M)	(\$1,325M - \$1,375M)	(\$350M - \$360M)	<ul style="list-style-type: none"> Increased year over year headwind from interest expense
Total Below the Line	(\$557M)	(\$925M - \$1,075M)	(\$290M - \$340M)	
Adjusted Effective Tax Rate	20%	~20%	~22%	
Share Count	655M	~649M	~654M	<ul style="list-style-type: none"> Minimum 1% share count reduction
Corporate and Quantinuum	(\$454M)	(~\$475M)	(~\$75M)	<ul style="list-style-type: none"> Segment profit for Corporate and Quantinuum

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

NON-GAAP FINANCIAL MEASURES

The following information provides definitions and reconciliations of certain non-GAAP financial measures presented in this presentation to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP).

Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. Management believes the change to adjust for amortization of acquisition-related intangibles and certain acquisition- and divestiture-related costs provides investors with a more meaningful measure of its performance period to period, aligns the measure to how management will evaluate performance internally, and makes it easier for investors to compare our performance to peers. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Certain measures presented on a non-GAAP basis represent the impact of adjusting items net of tax. The tax-effect for adjusting items is determined individually and on a case-by-case basis. Other companies may calculate these non-GAAP measures differently, limiting the usefulness of these measures for comparative purposes.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Investors are urged to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate Honeywell's business.

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

(\$M)	4Q23	4Q24	1Q24	2023	2024
Operating income	\$ 1,583	\$ 1,745	\$ 1,860	\$ 7,084	\$ 7,441
Stock compensation expense ¹	54	41	53	202	194
Repositioning, Other ^{2,3}	569	73	92	952	292
Pension and other postretirement service costs ³	17	17	16	66	65
Amortization of acquisition-related intangibles ⁴	76	140	70	292	415
Acquisition-related costs ⁵	1	—	3	2	25
Indefinite-lived intangible asset impairment ¹	—	—	—	—	48
Impairment of assets held for sale	—	94	—	—	219
Segment profit	\$ 2,300	\$ 2,110	\$ 2,094	\$ 8,598	\$ 8,699
Operating income	\$ 1,583	\$ 1,745	\$ 1,860	\$ 7,084	\$ 7,441
÷ Net sales	\$ 9,440	\$ 10,088	\$ 9,105	\$ 36,662	\$ 38,498
Operating income margin %	16.8 %	17.3 %	20.4 %	19.3 %	19.3 %
Segment profit	\$ 2,300	\$ 2,110	\$ 2,094	\$ 8,598	\$ 8,699
÷ Net sales	\$ 9,440	\$ 10,088	\$ 9,105	\$ 36,662	\$ 38,498
Segment profit margin %	24.4 %	20.9 %	23.0 %	23.5 %	22.6 %

1 Included in Selling, general and administrative expenses.

2 Includes repositioning, asbestos, environmental expenses, equity income adjustment, and other charges.

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

4 Included in Cost of products and services sold.

5 Included in Other (income) expense. Includes acquisition-related fair value adjustments to inventory and third-party transaction and integration costs.

We define operating income as net sales less total cost of products and services sold, research and development expenses, impairment of assets held for sale, and selling, general and administrative expenses. We define segment profit, on an overall Honeywell basis, as operating income, excluding stock compensation expense, pension and other postretirement service costs, amortization of acquisition-related intangibles, certain acquisition- and divestiture-related costs and impairments, and repositioning and other charges. We define segment profit margin, on an overall Honeywell basis, as segment profit divided by net sales. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

RECONCILIATION OF ORGANIC SALES PERCENT CHANGE

	4Q24	2024
Honeywell		
Reported sales percent change	7%	5%
Less: Foreign currency translation	—%	—%
Less: Acquisitions, divestitures and other, net	5%	2%
Organic sales percent change	<u>2%</u>	<u>3%</u>
Aerospace Technologies		
Reported sales percent change	9%	13%
Less: Foreign currency translation	—%	—%
Less: Acquisitions, divestitures and other, net	8%	2%
Organic sales percent change	<u>1%</u>	<u>11%</u>
Industrial Automation		
Reported sales percent change	(1)%	(7)%
Less: Foreign currency translation	(1)%	(1)%
Less: Acquisitions, divestitures and other, net	—%	1%
Organic sales percent change	<u>—%</u>	<u>(7)%</u>
Building Automation		
Reported sales percent change	20%	8%
Less: Foreign currency translation	—%	(1)%
Less: Acquisitions, divestitures and other, net	12%	7%
Organic sales percent change	<u>8%</u>	<u>2%</u>
Energy and Sustainability Solutions		
Reported sales percent change	4%	3%
Less: Foreign currency translation	(1)%	—%
Less: Acquisitions, divestitures and other, net	4%	1%
Organic sales percent change	<u>1%</u>	<u>2%</u>

We define organic sales percentage as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures, for the first 12 months following the transaction date. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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

RECONCILIATION OF EPS TO ADJUSTED EPS

	4Q23	4Q24	1Q24	2023	2024	1Q25E	2025E
Earnings per share of common stock - diluted ¹	\$ 1.91	\$ 1.96	\$ 2.23	\$ 8.47	\$ 8.71	\$1.98 - \$2.08	\$9.39 - \$9.79
Pension mark-to-market expense ²	0.19	0.15	—	0.19	0.14	No Forecast	No Forecast
Amortization of acquisition-related intangibles ³	0.09	0.16	0.08	0.35	0.49	0.17	0.70
Acquisition-related costs ⁴	—	0.02	0.01	0.01	0.09	—	0.01
Divestiture-related costs ⁵	—	0.04	—	—	0.04	No Forecast	No Forecast
Russian-related charges ⁶	—	—	0.02	—	0.03	—	—
Net expense related to the NARCO Buyout and HWI Sale ⁷	—	—	—	0.01	—	—	—
Adjustment to estimated future Bendix liability ⁸	0.49	—	—	0.49	—	—	—
Indefinite-lived intangible asset impairment ⁹	—	—	—	—	0.06	—	—
Impairment of assets held for sale ¹⁰	—	0.14	—	—	0.33	—	—
Adjusted earnings per share of common stock - diluted	<u>\$ 2.69</u>	<u>\$ 2.47</u>	<u>\$ 2.34</u>	<u>\$ 9.52</u>	<u>\$ 9.89</u>	<u>\$2.15 - \$2.25</u>	<u>\$10.10 - 10.50</u>

Footnotes on following slide

RECONCILIATION OF EPS TO ADJUSTED EPS

- 1 For the three months ended December 31, 2024, and 2023, adjusted earnings per share utilizes weighted average shares of approximately 654.8 million and 660.9 million, respectively. For the three months ended March 31, 2024, adjusted earnings per share utilizes weighted average shares of approximately 656.6 million. For the twelve months ended December 31, 2024, and 2023, adjusted earnings per share utilizes weighted average shares of approximately 655.3 million and 668.2 million, respectively. For the three months ended March 31, 2025, and twelve months ended December 31, 2025, expected earnings per share utilizes weighted average shares of approximately 654 million and 649 million, respectively.
- 2 Pension mark-to-market expense uses a blended tax rate of 25%, net of tax benefit of \$95 million, for 2024 and a blended tax rate of 18%, net of tax benefit of \$27 million, for 2023.
- 3 For the three months ended December 31, 2024, and 2023, acquisition-related intangibles amortization includes approximately \$108 million and \$62 million, net of tax benefit of approximately \$32 million and \$14 million, respectively. For the three months ended March 31, 2024, acquisition-related intangibles amortization includes \$55 million, net of tax benefit of approximately \$15 million. For the twelve months ended December 31, 2024, and 2023, acquisition-related intangibles amortization includes \$324 million and \$231 million, net of tax benefit of approximately \$91 million and \$61 million, respectively. For the three months ended March 31, 2025, and twelve months ended December 31, 2025, expected acquisition-related intangibles amortization includes approximately \$110 million and \$450 million, net of tax benefit of approximately \$30 million and \$110 million, respectively.
- 4 For the three months ended December 31, 2024, and 2023, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs, is approximately \$13 million, and \$2 million, net of tax benefit of approximately \$3 million and \$0 million, respectively. For the three months ended March 31, 2024, the adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$4 million, net of tax benefit of approximately \$1 million. For the twelve months ended December 31, 2024, and 2023, the adjustment for acquisition-related costs, which are principally comprised of third-party transaction and integration costs and acquisition-related fair value adjustments to inventory, is approximately \$59 million and \$7 million, net of tax benefit of approximately \$16 million and \$2 million, respectively. For the three months ended March 31, 2025, and twelve months ended December 31, 2025, the expected adjustment for acquisition-related costs, which is principally comprised of third-party transaction and integration costs, is approximately \$3 million and \$5 million, respectively, net of tax benefit of approximately \$0 million.
- 5 For the three and twelve months ended December 31, 2024, the adjustment for divestiture-related costs, which is principally comprised of third-party transaction costs, is approximately \$23 million, net of tax benefit of approximately \$6 million.
- 6 For the three months ended March 31, 2024, and twelve months ended December 31, 2024, the adjustments were a \$17 million expense, without tax benefit, due to the settlement of a contractual dispute with a Russian entity associated with the Company's suspension and wind down activities in Russia. For the twelve months ended December 31, 2023, the adjustment was a \$3 million benefit, without tax expense.
- 7 For the twelve months ended December 31, 2023, the adjustment was \$8 million, net of tax benefit of \$3 million, due to the net expense related to the NARCO Buyout and HWI Sale.
- 8 Bendix Friction Materials ("Bendix") is a business no longer owned by the Company. In 2023, the Company changed its valuation methodology for calculating legacy Bendix liabilities. For the three and twelve months ended December 31, 2023, the adjustment was \$330 million, net of tax benefit of \$104 million (or \$434 million pre-tax) due to a change in the estimated liability for resolution of asserted (claims filed as of the financial statement date) and unasserted Bendix-related asbestos claims. The Company experienced fluctuations in average resolution values year-over-year in each of the past five years with no well-established trends in either direction. In 2023, the Company observed two consecutive years of increasing average resolution values (2023 and 2022), with more volatility in the earlier years of the five-year period (2019 through 2021). Based on these observations, the Company, during its annual review in the fourth quarter of 2023, reevaluated its valuation methodology and elected to give more weight to the two most recent years by shortening the look-back period from five years to two years (2023 and 2022). The Company believes that the average resolution values in the last two consecutive years are likely more representative of expected resolution values in future periods. The \$434 million pre-tax amount was attributable primarily to shortening the look-back period to the two most recent years, and to a lesser extent to increasing expected resolution values for a subset of asserted claims to adjust for higher claim values in that subset than in the modelled two-year data set. It is not possible to predict whether such resolution values will increase, decrease, or stabilize in the future, given recent litigation trends within the tort system and the inherent uncertainty in predicting the outcome of such trends. The Company will continue to monitor Bendix claim resolution values and other trends within the tort system to assess the appropriate look-back period for determining average resolution values going forward.
- 9 For the twelve months ended December 31, 2024, the impairment charge of indefinite-lived intangible assets associated with the personal protective equipment business was \$37 million, net of tax benefit of \$11 million.
- 10 For the three and twelve months ended December 31, 2024, the impairment charge of assets held for sale was \$94 million and \$219 million, respectively, without tax benefit.
Note: Amounts may not foot due to rounding

We define adjusted earnings per share as diluted earnings per share adjusted to exclude various charges as listed above. We believe adjusted earnings per share is 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 or the divestiture-related costs. The pension mark-to-market expense is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. The divestiture-related costs are subject to detailed development and execution of separation restructuring plans for the announced separation of Automation and Aerospace Technologies. We therefore do not include an estimate for the pension mark-to-market expense or divestiture-related costs. Based on economic and industry conditions, future developments, and other relevant factors, these assumptions are subject to change.

Acquisition amortization and acquisition- and divestiture-related costs are significantly impacted by the timing, size, and number of acquisitions or divestitures we complete and are not on a predictable cycle and we make no comment as to when or whether any future acquisitions or divestitures may occur. We believe excluding these costs provides investors with a more meaningful comparison of operating performance over time and with both acquisitive and other peer companies.

RECONCILIATION OF EFFECTIVE TAX RATE TO ADJUSTED EFFECTIVE TAX RATE

(\$M)	4Q23	4Q24	2023	2024
Income before taxes	\$ 1,506	\$ 1,544	\$ 7,159	\$ 7,213
Pension mark-to-market expense	153	126	153	126
Amortization of acquisition-related intangibles	76	140	292	415
Acquisition-related costs	2	16	9	75
Divestiture-related costs	—	29	—	29
Russian-related charges	(2)	—	(3)	17
Net expense related to the NARCO Buyout and HWI Sale	—	—	11	—
Adjustment to estimated future Bendix liability	434	—	434	—
Indefinite-lived intangible asset impairment	—	—	—	48
Impairment of assets held for sale	—	94	—	219
Adjusted income before taxes	\$ 2,169	\$ 1,949	\$ 8,055	\$ 8,142
Income tax expense	\$ 258	\$ 254	\$ 1,487	\$ 1,473
Pension mark-to-market expense	27	31	27	31
Amortization of acquisition-related intangibles	14	32	61	91
Acquisition-related costs	—	3	2	16
Divestiture-related costs	—	6	—	6
Russian-related charges	—	—	—	—
Net expense related to the NARCO Buyout and HWI Sale	—	—	3	—
Adjustment to estimated future Bendix liability	104	—	104	—
Indefinite-lived intangible asset impairment	—	—	—	11
Impairment of assets held for sale	—	—	—	—
Adjusted income tax expense	\$ 403	\$ 326	\$ 1,684	\$ 1,628
Income tax expense	\$ 258	\$ 254	\$ 1,487	\$ 1,473
÷ Income before taxes	\$ 1,506	\$ 1,544	\$ 7,159	\$ 7,213
Effective tax rate	17.1 %	16.5 %	20.8 %	20.4 %
Adjusted income tax expense	\$ 403	\$ 326	\$ 1,684	\$ 1,628
÷ Adjusted income before taxes	\$ 2,169	\$ 1,949	\$ 8,055	\$ 8,142
Adjusted effective tax rate	18.6 %	16.7 %	20.9 %	20.0 %

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

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

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND FREE CASH FLOW EXCLUDING IMPACT OF SETTLEMENTS

<i>(\$M)</i>	<u>4Q23</u>	<u>4Q24</u>	<u>2023</u>	<u>2024</u>
Cash provided by operating activities	\$ 2,955	\$ 2,281	\$ 5,340	\$ 6,097
Capital expenditures	(364)	(393)	(1,039)	(1,164)
Free cash flow	<u>\$ 2,591</u>	<u>\$ 1,888</u>	<u>\$ 4,301</u>	<u>\$ 4,933</u>
Impact of settlements ¹	—	—	1,001	—
Free cash flow excluding impact of settlements	<u><u>\$ 2,591</u></u>	<u><u>\$ 1,888</u></u>	<u><u>\$ 5,302</u></u>	<u><u>\$ 4,933</u></u>

¹ For the twelve months ended December 31, 2023, impact of settlements was \$1,001 million, net of tax benefit of \$252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures. We define free cash flow excluding impact of settlements as free cash flow less the impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We believe that free cash flow and free cash flow excluding impact of settlements are non-GAAP measures that are useful to investors and management as measures of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock, or repay debt obligations prior to their maturities. These measures can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.

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

	<u>2025E(\$B)</u>
Cash provided by operating activities	<u>~\$6.7 - \$7.1</u>
Capital expenditures	<u>~(1.3)</u>
Free cash flow	<u><u>~\$5.4 - \$5.8</u></u>

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

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

Honeywell