

Honeywell Committed To Strong Organic Sales, Margin Expansion And Double-Digit Earnings Growth Through 2018

- Company Holds Annual Investor Conference Today in New York City
- HOS Gold Drives Growth and Margin Expansion Across the Portfolio
- High Growth Regions Expected to Drive Significant Growth Over Five-Year Plan
 - First Quarter and Full-Year 2015 Outlook Reaffirmed
 - Threshold Established For Incremental Share Repurchase

MORRIS TOWNSHIP, N.J., March 4, 2015 /PRNewswire/ -- Honeywell (NYSE: HON) will hold its annual investor conference in New York City today and reaffirm its five-year outlook for organic sales of \$46.0-\$51.0 billion and segment margin of 18.5-20.0%.

"Our businesses today have Great Positions in Good Industries and are well positioned to grow," said Honeywell Chairman and CEO Dave Cote. "We achieved the goals set out in our first five-year plan ending in 2014 despite some significant headwinds in the global economy, and our 2018 plan has even more aggressive targets. Our balanced portfolio mix of short- and long-cycle businesses will benefit from improving end markets, new product introductions, continued penetration in high growth regions, and HOS Gold."

"HOS Gold is driving breakthrough innovation and execution, allowing us to grow sales and margin above the market and our peers," continued Cote. "Our set of core processes and business management tools - Honeywell User Experience, Velocity Product Development™, Functional Transformation, and Organizational Effectiveness - continues to mature, helping us to bring better products to market faster than our competitors. Achieving CMMI Level 5 for software development in 2015 will give us a huge advantage over competitors, while the Honeywell User Experience will ensure that our products will be easy to use and install."

"Our robust balance sheet provides the flexibility and firepower we need to execute on our growth plans," concluded Cote. "We expect an additional dollar in EPS by 2018 from capital deployment, including M&A and share repurchases. While M&A is the priority, we will deploy net cash amounts in excess of \$1-\$2 billion for incremental share repurchase, and are committed to growing our dividend rate faster than earnings."

"We're off to a strong start to achieving the 2018 targets we established last year, and there's a lot of runway in front of us. It's an exciting time for the Company, and we are confident that the best is yet to come."

The Company reaffirms its 1Q 2015 EPS guidance of \$1.36-\$1.41 and full-year 2015 guidance.

Full-Year Guidance

	2015 <u>Current Guidance</u>	Change <u>vs. 2014</u>
Sales	\$40.5 - \$41.1B	1% - 2%
<i>Organic Growth</i>		~4%
Segment Margin	17.6% - 17.9%	100 - 130 bps ⁽²⁾
Operating Income Margin (Ex-Pension MTM)	16.7% - 17.0%	160 - 190 bps ⁽²⁾
Earnings Per Share (Ex-Pension MTM)	\$5.95 - \$6.15	7% - 11%
Free Cash Flow ⁽¹⁾	\$4.2 - \$4.3B	8% - 10%

1. *Cash Flow from Operations Less Capital Expenditures*
2. *Segment Margin ex-4Q14 \$184M OEM Incentives Up 60 - 90 bps; Operating Margin ex-4Q14 OEM Incentives Up 120 - 150 bps*

Related presentation materials and webcast information for the Honeywell annual investor conference are available at www.honeywell.com/investor. A replay of the webcast will be available following the presentation at the same link listed above.

Honeywell (www.honeywell.com) is a Fortune 100 diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes, and industry; turbochargers; and performance materials. For more news and information on Honeywell, please visit www.honeywellnow.com.

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

Honeywell International Inc.

Net Cash Computation Derived From Cash and Debt (Unaudited)

(Dollars in billions)

	Twelve Months Ended December 31,	
	2014	
Cash and cash equivalents	\$	7.0
Short-term available for sale investments		1.4
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Cash	\$	8.4
Commercial paper	\$	1.7
Current maturities of long-term debt		0.9
Long-term debt		6.0
		<hr/>
Debt	\$	8.6
		<hr/>
Net cash	\$	(0.2)

Honeywell International Inc.

Reconciliation of Earnings Per Share to Earnings Per Share, Excluding Pension Mark-to-Market Adjustment (Unaudited)

	Twelve Months Ended December 31,	
	2014	
EPS	\$	5.33
Pension mark-to-market adjustment		0.23
EPS, excluding pension mark-to-market adjustment	\$	5.56

We believe EPS, excluding pension mark-to-market adjustment is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

EPS utilizes weighted average shares outstanding - assuming dilution of 795.2 million for 2014. Mark-to-market uses a blended tax rate of 28.1% for 2014.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income Excluding Pension Mark-to-Market Adjustment and
Calculation of Segment Profit and Operating Income Margins Excluding Pension Mark-to-Market Adjustment (Unaudited)

(Dollars in millions)

	Twelve Months Ended December 31,	
	2014	
Segment Profit	\$	6,696
Stock compensation expense (A)		(187)
Repositioning and other (A, B)		(634)
Pension ongoing income (A)		254
Pension mark-to-market adjustment (A)		(249)
Other postretirement income (expense) (A)		(49)
Operating Income	\$	5,831
Pension mark-to-market adjustment (A)		(249)
Operating Income excluding pension mark-to-market adjustment	\$	6,080
Segment Profit	\$	6,696

+ Sales		40,306
Segment Profit Margin %		<u>16.6%</u>
Operating Income	\$	5,831
+ Sales		40,306
Operating Income Margin %		<u>14.5%</u>
Operating Income excluding pension mark-to-market adjustment	\$	6,080
+ Sales		40,306
Operating Income Margin excluding pension mark-to-market adjustment %		<u>15.1%</u>

(A) Included in cost of products and services sold and selling, general and administrative expenses

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

We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

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

	Twelve Months Ended December 31, <u>2014</u>
Cash provided by operating activities	\$ 5,024
Expenditures for property, plant and equipment	(1,094)
Free cash flow	<u>\$ 3,930</u>

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

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

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To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/honeywell-committed-to-strong-organic-sales-margin-expansion-and-double-digit-earnings-growth-through-2018-300045252.html>

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