

Item 8. Financial Statements and Supplementary Data

HONEYWELL INTERNATIONAL INC. CONSOLIDATED STATEMENT OF OPERATIONS

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions, except per share amounts)		
Product sales	\$27,629	\$32,848	\$32,317
Service sales	9,080	8,954	8,217
Net sales	<u>36,709</u>	<u>41,802</u>	<u>40,534</u>
Costs, expenses and other			
Cost of products sold	19,269	23,634	23,176
Cost of services sold	5,070	5,412	4,968
	<u>24,339</u>	<u>29,046</u>	<u>28,144</u>
Selling, general and administrative expenses	5,519	6,051	6,087
Other (income) expense	(1,065)	(1,149)	(963)
Interest and other financial charges	357	367	316
	<u>29,150</u>	<u>34,315</u>	<u>33,584</u>
Income before taxes	7,559	7,487	6,950
Tax expense	1,329	659	5,362
Net income	<u>6,230</u>	<u>6,828</u>	<u>1,588</u>
Less: Net income attributable to the noncontrolling interest	87	63	43
Net income attributable to Honeywell	<u>\$ 6,143</u>	<u>\$ 6,765</u>	<u>\$ 1,545</u>
Earnings per share of common stock—basic	<u>\$ 8.52</u>	<u>\$ 9.10</u>	<u>\$ 2.03</u>
Earnings per share of common stock—assuming dilution	<u>\$ 8.41</u>	<u>\$ 8.98</u>	<u>\$ 2.00</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

HONEYWELL INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEET

	December 31,	
	2019	2018
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,067	\$ 9,287
Short-term investments	1,349	1,623
Accounts receivable—net	7,493	7,508
Inventories	4,421	4,326
Other current assets	1,973	1,618
Total current assets	24,303	24,362
Investments and long-term receivables	588	742
Property, plant and equipment—net	5,325	5,296
Goodwill	15,563	15,546
Other intangible assets—net	3,734	4,139
Insurance recoveries for asbestos related liabilities	392	437
Deferred income taxes	86	382
Other assets	8,688	6,869
Total assets	<u>\$ 58,679</u>	<u>\$ 57,773</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,730	\$ 5,607
Commercial paper and other short-term borrowings	3,516	3,586
Current maturities of long-term debt	1,376	2,872
Accrued liabilities	7,476	6,859
Total current liabilities	18,098	18,924
Long-term debt	11,110	9,756
Deferred income taxes	1,670	1,713
Postretirement benefit obligations other than pensions	326	344
Asbestos related liabilities	1,996	2,269
Other liabilities	6,766	6,402
Redeemable noncontrolling interest	7	7
SHAREOWNERS' EQUITY		
Capital—common stock issued	958	958
—additional paid-in capital	6,876	6,452
Common stock held in treasury, at cost	(23,836)	(19,771)
Accumulated other comprehensive income (loss)	(3,197)	(3,437)
Retained earnings	37,693	33,978
Total Honeywell shareowners' equity	18,494	18,180
Noncontrolling interest	212	178
Total shareowners' equity	<u>18,706</u>	<u>18,358</u>
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 58,679</u>	<u>\$ 57,773</u>

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HONEYWELL INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Cash flows from operating activities:			
Net income	\$ 6,230	\$ 6,828	\$ 1,588
Less: Net income attributable to the noncontrolling interest	87	63	43
Net income attributable to Honeywell	6,143	6,765	1,545
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:			
Depreciation	673	721	717
Amortization	415	395	398
(Gain) loss on sale of non-strategic businesses and assets	1	—	7
Repositioning and other charges	546	1,091	973
Net payments for repositioning and other charges	(376)	(652)	(628)
Pension and other postretirement income	(516)	(987)	(647)
Pension and other postretirement benefit payments	(78)	(80)	(106)
Stock compensation expense	153	175	176
Deferred income taxes	179	(586)	2,452
Other	(287)	(694)	1,642
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:			
Accounts receivable	11	(236)	(682)
Inventories	(100)	(503)	(259)
Other current assets	(430)	218	(568)
Accounts payable	118	733	924
Accrued liabilities	445	74	22
Net cash provided by (used for) operating activities	6,897	6,434	5,966
Cash flows from investing activities:			
Expenditures for property, plant and equipment	(839)	(828)	(1,031)
Proceeds from disposals of property, plant and equipment	43	15	86
Increase in investments	(4,253)	(4,059)	(6,743)
Decrease in investments	4,464	6,032	4,414
Cash paid for acquisitions, net of cash acquired	(50)	(535)	(82)
Other	102	402	(218)
Net cash provided by (used for) investing activities	(533)	1,027	(3,574)
Cash flows from financing activities:			
Proceeds from issuance of commercial paper and other short-term borrowings	14,199	23,891	13,701
Payments of commercial paper and other short-term borrowings	(14,199)	(24,095)	(13,532)
Proceeds from issuance of common stock	498	267	520
Proceeds from issuance of long-term debt	2,726	27	1,238
Payments of long-term debt	(2,903)	(1,330)	(292)
Repurchases of common stock	(4,400)	(4,000)	(2,889)
Cash dividends paid	(2,442)	(2,272)	(2,119)
Pre-separation funding	—	2,801	—
Spin-off cash	—	(179)	—
Other	(79)	(142)	(143)
Net cash provided by (used for) financing activities	(6,600)	(5,032)	(3,516)
Effect of foreign exchange rate changes on cash and cash equivalents	16	(201)	340
Net increase (decrease) in cash and cash equivalents	(220)	2,228	(784)
Cash and cash equivalents at beginning of period	9,287	7,059	7,843
Cash and cash equivalents at end of period	\$ 9,067	\$ 9,287	\$ 7,059

The Notes to Consolidated Financial Statements are an integral part of this statement.