

HONEYWELL INTERNATIONAL INC
Form 10-Q
April 21, 2017
United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8974

Honeywell International Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-2640650
(I.R.S. Employer
Identification No.)

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115 Tabor Road

07950

Morris Plains, New Jersey

(Address of principal executive offices) (Zip Code)

(973) 455-2000

(Registrant's
telephone
number,
including area
code)

Not Applicable
(Former name,
former address
and former fiscal
year,
if changed since
last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-Accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to section 13(a) of the Exchange Act.

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

There were 762,338,156 shares of Common Stock outstanding at March 31, 2017.

Honeywell International Inc.**Index**

<u>Part I.</u>	<u>Financial Information</u>	<u>Page</u> <u>No.</u>
<u>Item</u> <u>1.</u>	<u>Financial Statements:</u>	
	<u>Consolidated Statement of Operations (unaudited) – Three Months Ended March 31, 2017 and 2016</u>	3
	<u>Consolidated Statement of Comprehensive Income (unaudited) – Three Months Ended March 31, 2017 and 2016</u>	4
	<u>Consolidated Balance Sheet (unaudited) – March 31, 2017 and December 31, 2016</u>	5
	<u>Consolidated Statement of Cash Flows (unaudited) – Three Months Ended March 31, 2017 and 2016</u>	6
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	7
<u>Item</u> <u>2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	22
<u>Item</u> <u>3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risks</u>	29
<u>Item</u> <u>4.</u>	<u>Controls and Procedures</u>	29
<u>Part II.</u>	<u>Other Information</u>	
<u>Item</u> <u>1.</u>	<u>Legal Proceedings</u>	30
<u>Item</u> <u>2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
<u>Item</u> <u>5.</u>	<u>Other Information</u>	30
<u>Item</u> <u>6.</u>	<u>Exhibits</u>	31
<u>Signatures</u>		32

Cautionary Statement about Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management’s assumptions and assessments in the light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. These forward-looking statements should be considered in the light of the information included in this report and our other filings with the Securities and Exchange Commission, including, without limitation, the Risk Factors, as well as the description of trends and other factors in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in our 2016 Annual Report on Form 10-K.

PART I. FINANCIAL INFORMATION

The financial statements and related footnotes as of March 31, 2017 should be read in conjunction with the financial statements for the year ended December 31, 2016 contained in our 2016 Annual Report on Form 10-K.

ITEM 1. FINANCIAL STATEMENTS**Honeywell International Inc.****Consolidated Statement of Operations****(Unaudited)**

	Three Months Ended March 31, 2017 2016	
	(Dollars in millions, except per share amounts)	
Product sales	\$7,540	\$7,619
Service sales	1,952	1,903
Net sales	9,492	9,522
Costs, expenses and other		
Cost of products sold	5,237	5,349
Cost of services sold	1,119	1,198
	6,356	6,547
Selling, general and administrative expenses	1,349	1,280
Other (income) expense	(12)	(18)
Interest and other financial charges	75	85
	7,768	7,894
Income before taxes	1,724	1,628
Tax expense	392	402
Net income	1,332	1,226
Less: Net income attributable to the noncontrolling interest	6	10
Net income attributable to Honeywell	\$1,326	\$1,216

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Earnings per share of common stock - basic	\$1.74	\$1.58
Earnings per share of common stock - assuming dilution	\$1.71	\$1.56
Cash dividends per share of common stock	\$0.6650	\$0.5950

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

3

Honeywell International Inc.**Consolidated Statement of Comprehensive Income****(Unaudited)**

	Three Months Ended March 31, 2017 2016	
	(Dollars in millions)	
Net income	\$1,332	\$1,226
Other comprehensive income (loss), net of tax		
Foreign exchange translation adjustment	248	122
Prior service credit (cost)	(46)	-
Actuarial losses (gains) recognized	2	3
Prior service (credit) cost recognized	(16)	(19)
Pension and other postretirement benefits adjustments	(60)	(16)
Effective portion of cash flow hedges recognized in other comprehensive income (loss)	(13)	(32)
Less: Reclassification adjustment for gains (losses) included in net income	23	(6)
Changes in fair value of effective cash flow hedges	(36)	(26)
Other comprehensive income (loss), net of tax	152	80
Comprehensive income	1,484	1,306
Less: Comprehensive income attributable to the noncontrolling interest	9	10
Comprehensive income attributable to Honeywell	\$1,475	\$1,296

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

Honeywell International Inc.**Consolidated Balance Sheet****(Unaudited)**

	March 31, 2017	December 31, 2016
	(Dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$7,710	\$7,843
Short-term investments	1,885	1,520
Accounts receivable - net	8,155	8,177
Inventories	4,652	4,366
Other current assets	1,178	1,152
Total current assets	23,580	23,058
Investments and long-term receivables	533	587
Property, plant and equipment - net	5,816	5,793
Goodwill	17,827	17,707
Other intangible assets - net	4,592	4,634
Insurance recoveries for asbestos related liabilities	407	417
Deferred income taxes	337	347
Other assets	1,687	1,603
Total assets	\$54,779	\$54,146
LIABILITIES		
Current liabilities:		
Accounts payable	\$5,805	\$5,690
Commercial paper and other short-term borrowings	3,415	3,366
Current maturities of long-term debt	1,271	227
Accrued liabilities	6,790	7,048
Total current liabilities	17,281	16,331
Long-term debt	11,181	12,182
Deferred income taxes	414	486
Postretirement benefit obligations other than pensions	546	473
Asbestos related liabilities	1,002	1,014
Other liabilities	3,877	4,110
Redeemable noncontrolling interest	3	3
SHAREOWNERS' EQUITY		
Capital - common stock issued	958	958
- additional paid-in capital	5,927	5,781

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Common stock held in treasury, at cost	(13,526)	(13,366)
Accumulated other comprehensive loss	(2,562)	(2,714)
Retained earnings	29,526	28,710
Total Honeywell shareowners' equity	20,323	19,369
Noncontrolling interest	152	178
Total shareowners' equity	20,475	19,547
Total liabilities, redeemable noncontrolling interest and shareowners' equity	\$54,779	\$54,146

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

5

Honeywell International Inc.**Consolidated Statement of Cash Flows****(Unaudited)**

	Three Months Ended March 31, 2017 2016 (Dollars in millions)	
Cash flows from operating activities:		
Net income	\$1,332	\$1,226
Less: Net income attributable to the noncontrolling interest	6	10
Net income attributable to Honeywell	1,326	1,216
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:		
Depreciation	170	179
Amortization	101	74
Repositioning and other charges	129	125
Net payments for repositioning and other charges	(137)	(134)
Pension and other postretirement income	(183)	(159)
Pension and other postretirement benefit payments	(24)	(38)
Stock compensation expense	50	53
Deferred income taxes	(42)	48
Other	14	88
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable	23	(208)
Inventories	(286)	(241)
Other current assets	(25)	(54)
Accounts payable	115	(113)
Accrued liabilities	(291)	(517)
Net cash provided by operating activities	940	319
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(168)	(194)
Proceeds from disposals of property, plant and equipment	24	1
Increase in investments	(1,256)	(836)
Decrease in investments	825	880
Cash paid for acquisitions, net of cash acquired	-	(1,056)
Other	(29)	9
Net cash used for investing activities	(604)	(1,196)
Cash flows from financing activities:		
Proceeds from issuance of commercial paper and other short-term borrowings	2,468	6,300
Payments of commercial paper and other short-term borrowings	(2,467)	(8,750)
Proceeds from issuance of common stock	221	105
Proceeds from issuance of long-term debt	11	4,448

Payments of long-term debt
Repurchases of common stock

(5) (419)