

HONEYWELL INTERNATIONAL (HON)

November 20, 2023

Industrials – Conglomerates

Investment Thesis	Stock Rating	BUY
	Target Price	\$236-250

We recommend a BUY rating on Honeywell (HON), with an upside potential of 4.42% to 10.62%. Honeywell is well-positioned to capitalize on key growth opportunities in aerospace recovery, energy transition, and industrial automation, supported by its strategic portfolio optimization and strong backlog.

Drivers of Thesis

- Honeywell's portfolio optimization strategy, including the planned spin-off of Advanced Materials and recent acquisitions, is projected to contribute \$2 billion in annual revenue and enhance the company's focus on high-margin, high-growth markets.
- The global energy transition is expected to drive renewable energy investments at a 10.1% CAGR through 2030. Honeywell is well-positioned to capitalize on this trend through its offerings in carbon capture, hydrogen technologies, and UOP Ecofining™, with the Energy and Sustainability Solutions segment projected to grow at a 6.5% CAGR.
- The recovery in air travel, with global passenger traffic forecasted to grow at a 6.5% CAGR through 2030, and increased defense spending are expected to drive robust demand for Honeywell's aerospace systems, contributing to a 5.8% CAGR in Aerospace Technologies revenues.

Risks to Thesis

- High interest rates could delay customer investments in key markets like energy and aerospace.
- Delays or challenges in integrating recent acquisitions could pressure margins.
- Exposure to defense and energy markets increases vulnerability to geopolitical disruptions.

Earnings Estimates						
Year	2021	2022	2023	2024E	2025E	2026E
EPS	\$8.01	\$7.33	\$8.53	\$9.69	\$10.73	\$11.95
HF est.				\$9.39	\$10.43	\$11.93
Growth	17.9%	-8.4%	16.3%	10.0%	11.1%	14.3%

12 Month Performance	Company Description
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Henry Fund DCF	\$237
Henry Fund DDM	\$248
Relative Multiple	\$236

Price Data

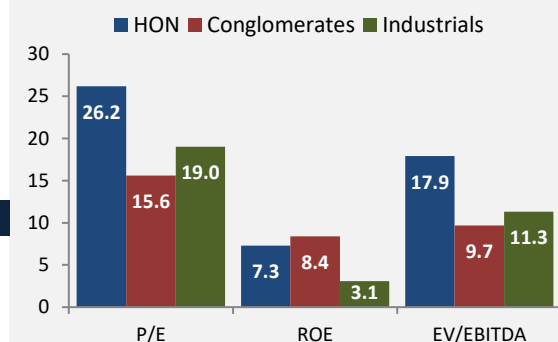
Current Price	\$226
52wk Range	\$189 – 242
Consensus 1yr Target	\$236

Key Statistics

Market Cap (B)	\$147.3B
Shares Outstanding (M)	\$650.6
Institutional Ownership	78.1%
Beta	0.8
Dividend Yield	2.0%
Est. 5yr Growth	8.3%
Price/Earnings (TTM)	26.2
Price/Earnings (FY1)	24.9
Price/Sales (TTM)	3.9
Price/Book (mrq)	7.9

Profitability

Operating Margin	22.0%
Profit Margin	15.0%
Return on Assets (TTM)	7.3%
Return on Equity (TTM)	31.8%

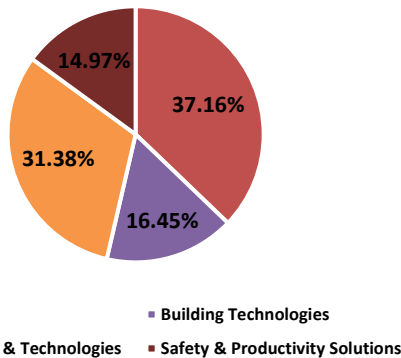


Honeywell International is a global industrial leader operating in Aerospace, Building Technologies, Performance Materials & Technologies, and Safety & Productivity Solutions. It provides aircraft systems, energy-efficient building solutions, advanced materials, industrial software, and safety equipment. Honeywell serves industries such as aerospace, energy, construction, and logistics, with a presence in over 70 countries. Its diverse product portfolio supports critical infrastructure and industrial operations worldwide.

COMPANY DESCRIPTION

Honeywell International (HON) is a global, diversified industrial company that designs, manufactures and distributes technologies across four key segments: Aerospace, Building Technologies, Performance Materials & Technologies, and Safety & Productivity Solutions. Its offerings include aircraft systems, energy-efficient building solutions, advanced materials, industrial software, and safety equipment. These segments serve a wide range of end markets, including aerospace, construction, logistics, and energy. In 2023, Honeywell revenue grew 3% to \$36.6 billion, compared to \$35.4 billion for the prior year. Revenue growth was primarily driven by its Aerospace and Performance Materials & Technologies segments.

HON 2023 Revenue by Segment (\$36.6B)



Source: HON 10-K 2023

In 2024, Honeywell realigned its business segments to better reflect its strategic priorities and market focus. The company now reports earnings under four segments: Aerospace Technologies, Building Automation, Industrial Automation, and Energy and Sustainability Solutions. The discussion below reflects the segment structure as of December 2023 but also includes details on how these segments will look in 2024 following the realignment.

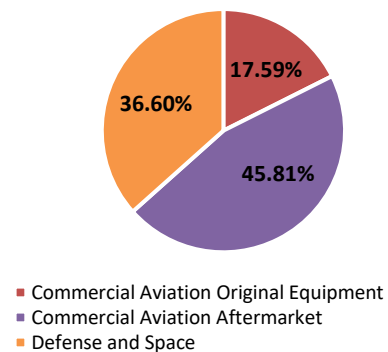
Aerospace

This segment provides software, and services for aircraft, serving original equipment manufacturers (OEMs) and customers across commercial, business, and defense markets. Its offerings include auxiliary power units, propulsion engines, environmental control systems, integrated avionics, wireless connectivity services, radar and surveillance systems, and aircraft wheels and brakes.

The segment also provides spare parts, repair, overhaul, and maintenance services, as well as licensing intellectual property to other parties.

The Aerospace segment is further categorized into three key areas based on revenue: Commercial Aviation Original Equipment, which provides systems and components for new aircraft; Commercial Aviation Aftermarket, which includes parts, repairs, and maintenance services for existing fleets; and Defense and Space, which serves government and space contractors with advanced systems and technologies.

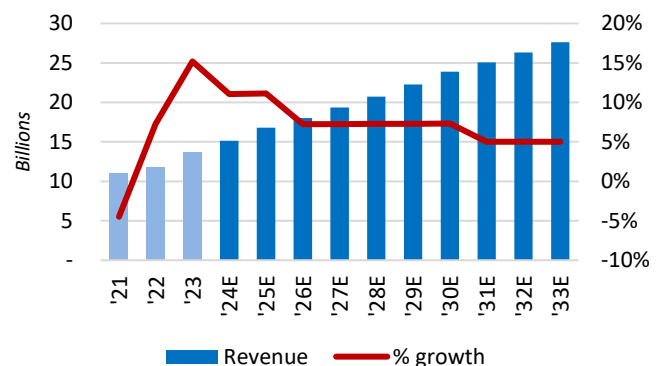
Aerospace 2023 Revenue by Business Unit (\$13.6B)



Source: HON 10-K 2023

Following the 2024 realignment, the Aerospace segment stayed the same in terms of its products, services, and markets. However, it was renamed **Aerospace Technologies** to highlight its focus on advanced aerospace solutions.

Aerospace Technologies Revenue Growth



Source: HON 10-K, Henry Fund Model

Honeywell's Aerospace Technologies segment is poised for growth, driven by a recovery in global air travel and

increasing investments in defense and space technologies. According to the International Air Transport Association (IATA), global passenger air traffic is expected to grow at a 6.5% CAGR through 2030, supporting strong demand for Honeywell's avionics, navigation systems, and aircraft maintenance services. Furthermore, Honeywell's expanding partnerships with major airlines and defense contractors position the company to capitalize on this recovery, with growth opportunities across both commercial aviation and defense.

In addition, the growing adoption of Sustainable Aviation Fuel (SAF) presents a significant opportunity. The SAF market is projected to expand at a 25.5% CAGR through 2030⁷. The UOP Ecofining™ technology positions the company as a key supplier to SAF producers, creating recurring revenue streams as demand scales. Additionally, Honeywell's aerospace systems, already SAF-compatible, further enhance its leadership in this market.

On the defense side, rising global military expenditures, expected to grow at a 4.1% CAGR through 2028 according to SIPRI, will drive demand for Honeywell's advanced navigation systems and defense avionics. The recent acquisition of Civitanavi Systems, strengthen Honeywell's capabilities in autonomous navigation and stabilization technologies, creating additional growth opportunities in this segment.

We forecast Honeywell's Aerospace Technologies segment to achieve a 6.21% CAGR from FY2024–2033, supported by strong demand in commercial aviation, defense, and sustainability initiatives. With its focus on innovation and partnerships, Honeywell is well-positioned to capture these opportunities and sustain long-term growth.

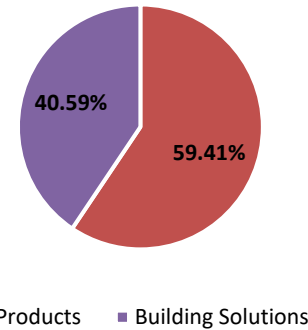
Honeywell Building Technologies

This segment provides products, software, and solutions designed to help building owners and occupants ensure their facilities are safe, energy-efficient, sustainable, and productive. Its offerings include advanced software for building control and optimization, sensors, switches, and control systems for energy management, access control, video surveillance, and fire safety products. Honeywell also provides installation, maintenance, and upgrades of these systems. Through its Honeywell Forge solutions, the segment enables customers to digitally manage building operations, connecting data from different systems to

optimize maintenance, improving performance, and enhance security.

The segment is divided into two subsegments: Products, which includes hardware such as sensors, switches, and fire safety systems; and Building Solutions, which focuses on services such as installation, system maintenance, and digital building management through software solutions.

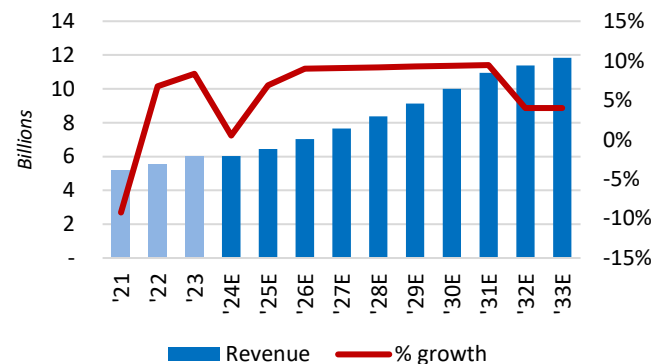
Building Technologies 2023 Revenue by Business Unit (\$6B)



Source: HON 10-K 2023

Following the 2024 realignment, the segment's structure and offerings remained the same. However, it was renamed **Building Automation** to better reflect its focus on integrated solutions for managing and optimizing building operations.

Building Automation Revenue Growth



Source: HON 10-K, Henry Fund Model

Honeywell's Building Automation segment is well-positioned for sustained growth, driven by rising demand for smart building technologies and energy efficiency solutions. The global smart building market is projected to grow at 10.8% CAGR through 2030⁶, fueled by increasing

adoption of IoT-enabled systems and growing regulatory pressures for energy efficiency.

Urbanization and infrastructure development also present key growth drivers. According to the United Nations, 68% of the world's population will live in urban areas by 2050, creating demand for modernized, sustainable building infrastructure. Honeywell's comprehensive solutions, including sensors, control systems, and security technologies, enable building owners to meet these needs while optimizing operational efficiency. Additionally, Honeywell's partnership with major real estate and facilities management firms strengthens its ability to scale these solutions globally.

Sustainability is another critical factor. Green building certifications like LEED are becoming standard for commercial development, and Honeywell's technologies align with these requirements by reducing energy consumption and improving indoor air quality. With governments worldwide implementing stricter energy regulations and offering incentives for green retrofits, demand for Honeywell's energy-efficient products is expected to accelerate.

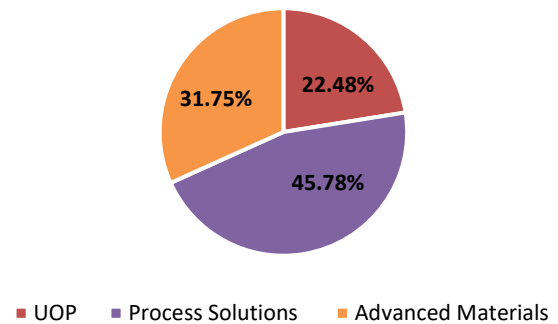
We forecast the Building Automation segment to grow at a 6.5% CAGR from FY2024–2033, supported by expanding urbanization, sustainability goals, and the adoption of smart building technologies.

Performance Materials & Technologies

This segment develops and manufactures performance chemicals, materials, and process technologies. The segment includes three business areas: Process Solutions, UOP, and Advanced Materials.

Process Solutions provides automation controls, advanced software, and related services for industries such as oil and gas, refining, chemicals, power generation, and life sciences. It also offers smart energy products that improve operational efficiency and environmental sustainability. UOP delivers process technology, catalysts, adsorbents, and equipment for refining, gas processing, petrochemical production, and renewable fuels. Advanced Materials manufactures high-performance products, including bullet-resistant armor, computer chip materials, pharmaceutical packaging, and environmentally sustainable chemicals.

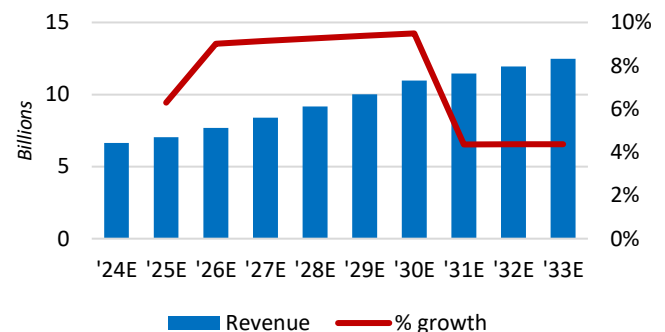
Performance Materials & Technologies 2023 Revenue by Business Unit (\$11.5B)



Source: HON 10-K 2023

Following the 2024 realignment, Process Solutions was moved to the newly created Industrial Automation segment. UOP and Advanced Materials became part of a redefined segment now called **Energy and Sustainability Solutions**. This change emphasizes Honeywell's focus on energy efficiency, sustainable materials, and renewable technologies.

Energy and Sustainability Solutions Revenue Growth



Source: HON 10-K, Henry Fund Model

Honeywell's Energy and Sustainability Solutions segment is set to grow rapidly, driven by the global energy transition and increasing investments in clean energy. The renewable energy market is projected to grow at a 10.1% CAGR through 2030, as governments and companies push for net-zero emissions⁸. Honeywell is well-positioned with its offerings in carbon capture, hydrogen production, and energy-efficient technologies.

Demand for liquefied natural gas (LNG) is also a key driver, with global LNG demand expected to grow at 4% annually through 2035⁸. Honeywell's recent acquisition of Air

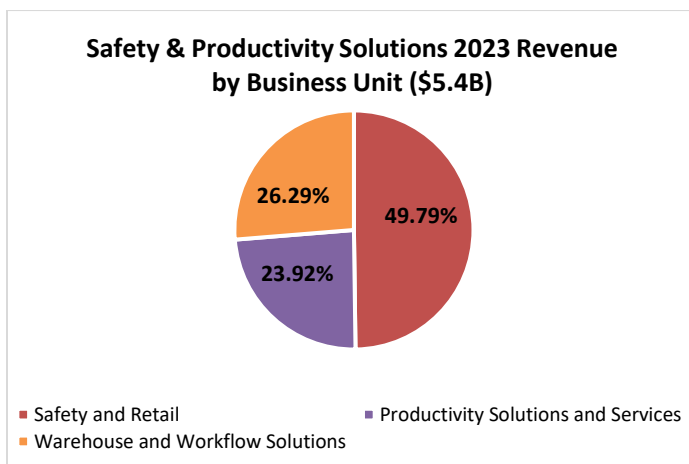
Products' LNG process technology expands its capabilities, making it a leading supplier of advanced LNG solutions. Additionally, its UOP Ecofining™ technology supports the production of sustainable fuels, further aligning with the shift to cleaner energy.

We expect this segment to grow at a 6.5% CAGR from FY2024–2033, driven by strong global demand for renewable energy, sustainable fuels, and decarbonization technologies.

Safety & Productivity Solutions

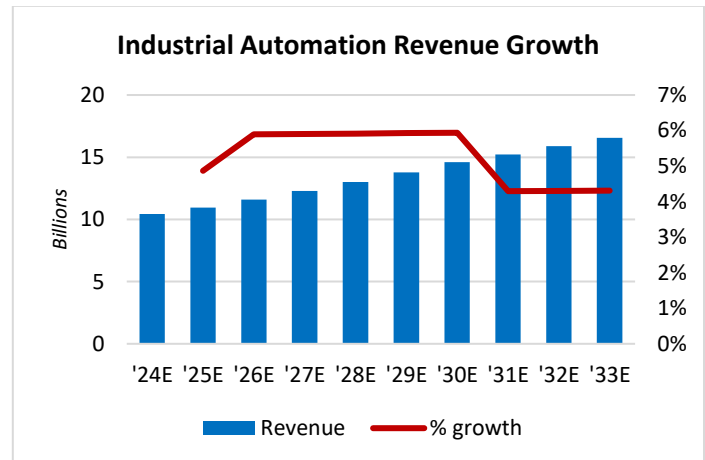
This segment provides products and software that enhance productivity, workplace safety, and asset performance for customers worldwide. Its offerings include personal protective equipment (PPE), gas detection systems, custom-engineered sensors, switches, and controls. The segment also provides mobile computing devices, data collection and thermal printing solutions, as well as software for asset and data management. Additionally, it offers warehouse automation and optimization solutions, including system design, simulation, and lifecycle services to improve the accuracy and efficiency of warehouse operations. Honeywell Forge solutions further enhance productivity by digitally automating processes to reduce downtime and improve safety.

As of 2023, the segment was divided into three subsegments: Safety and Retail, which includes PPE and sensing technologies; Productivity Solutions and Services, covering mobile computing and software; and Warehouse and Workflow Solutions, focused on warehouse automation and lifecycle services.



Source: HON 10-K 2023

Following the 2024 realignment, the **Industrial Automation** segment was created, incorporating several Safety & Productivity Solutions subsegments. Sensing and Safety Technologies, Productivity Solutions and Services, and Warehouse and Workflow Solutions became part of this new segment, alongside Process Solutions, which was moved from Performance Materials & Technologies. This reorganization highlights Honeywell's focus on automation and industrial efficiency.



Source: HON 10-K, Henry Fund Model

Honeywell's Industrial Automation segment is poised growth driven by increasing adoption of automation and Industry 4.0 technologies. The global industrial automation market is expected to grow at a 10.8% CAGR through 2030, as companies invest in robotics, IoT, and data-driven solutions to enhance efficiency and reduce costs⁶. Honeywell's products, including sensing and safety systems, advanced control systems, and Honeywell Forge analytics, align perfectly with this trend.

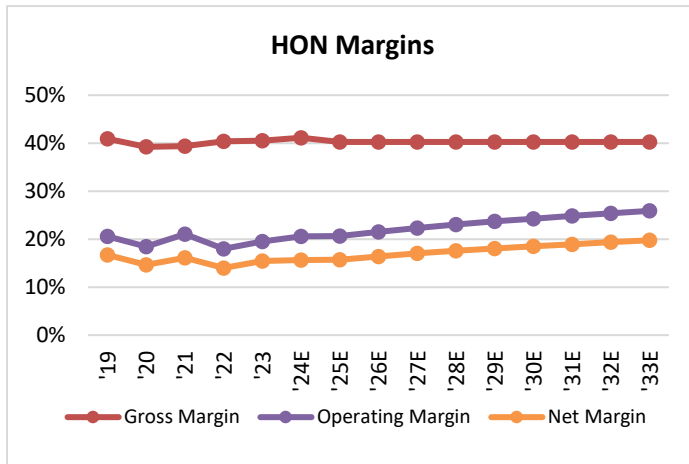
The rise of e-commerce is also a key driver, fueling demand for warehouse automation and workflow optimization solutions. Honeywell's Warehouse and Workflow Solutions business is well-positioned to benefit from the need for faster, more efficient logistics operations.

We forecast the Industrial Automation segment to grow at a 4.7% CAGR from FY2024–2033, supported by advancements in automation, supply chain optimization, and increased investment in industrial cybersecurity.

Cost Structure Analysis

The chart below illustrates Honeywell's margins. Despite some variability due to macroeconomic pressures,

Honeywell's diversified portfolio, operational efficiencies, and strategic initiatives support stable and competitive margins.



Source: Henry Fund Model

We project Honeywell's gross margins to remain strong at approximately 40-41% for 2024 and 2025, significantly above consensus estimates of around 36%. This divergence reflects our confidence in Honeywell's ability to leverage its premium product mix and maintain pricing power across its segments. Key contributors include high-margin technologies in Aerospace and Building Automation, as well as the company's continued focus on cost optimization through digital tools like Honeywell Forge.

Our forecast for operating margins is around 20% for both 2024 and 2025, closely aligned with the consensus estimate of 21%. Honeywell's effective cost controls, economies of scale, and focus on operational efficiencies across its segments support this forecast. Factors such as the recent segment realignment, aimed at simplifying operations and improving resource allocation, are expected to maintain strong operating performance. The slight difference in estimates reflects our more cautious view of potential macroeconomic pressures on operational spending.

Finally, we estimate net margins of approximately 15% for 2024 and 2025, slightly below the consensus forecast of 17%. This more conservative outlook reflects our consideration of higher interest expenses in a rising rate environment and potential integration costs from recent acquisitions. However, Honeywell's strong free cash flow generation and continued focus on portfolio optimization

are expected to offset these pressures, ensuring high net profitability.

Additional Company Analysis

Strategy

Honeywell's strategy centers around innovation, operational excellence, and market diversification. By investing in research and development, the company continues to expand its portfolio of advanced technologies, such as connected solutions in aerospace, smart building systems, and sustainable energy materials¹.

Operationally, Honeywell emphasizes efficiency and cost management, leveraging automation and digitalization through its Honeywell Forge platform to streamline processes and enhance productivity. The company also targets growth in key areas such as renewable energy, automation, and digitization to address emerging customer needs¹.

Honeywell's focus on sustainability aligns with global environmental trends. Its Energy and Sustainability Solutions segment, for instance, is positioned to capture opportunities in renewable energy technologies and sustainable materials, supporting the company's long-term growth.

Honeywell Forge

Honeywell Forge is a cloud-based enterprise performance management platform designed to enhance operational efficiency and decision-making across industries. By integrating data from assets, systems, and sensors, the platform provides real-time insights, predictive maintenance capabilities, and tools to optimize performance¹.

In Aerospace Technologies, Honeywell Forge enables airlines and fleet operators to reduce fuel consumption, predict maintenance needs, and improve operational efficiency. For Building Automation, the platform helps building managers monitor energy usage, optimize HVAC systems, and enhance security and occupant comfort. In Industrial Automation, Honeywell Forge streamlines manufacturing and warehouse operations by automating workflows and improving supply chain visibility. Meanwhile, in Energy and Sustainability Solutions, it supports refineries and industrial plants in reducing

emissions, improving energy efficiency, and optimizing complex processes.

With built-in cybersecurity features, Honeywell Forge protects critical infrastructure from potential risks. This platform reflects Honeywell's commitment to driving digital transformation and sustainability, helping businesses achieve their operational goals while adapting to modern technological demands.

Debt Maturity Analysis

Fiscal Year	Payment (\$mil)
2024	\$1,796
2025	1,314
2026	1,528
2027	1,718
2028	1,527
Thereafter	10,475
TOTAL	\$18,358

Source: HON 10-K 2023

As of December 2023, Honeywell had approximately \$18.4 billion in total debt, distributed across debt instruments, including term loans, revolving credit, and notes/bonds². The company faces significant debt obligations of \$1.8 billion in 2024, \$1.3 billion in 2025, and \$1.5 billion in 2026, followed by payments of \$1.7 billion and \$1.5 billion in 2027 and 2028, respectively.

We forecast Honeywell's operating cash flows to be \$7.8 billion in 2024, which should allow the company to comfortably meet its 2024 debt obligations of \$1.8 billion. Similarly, we expect cash flows of \$7.2 billion and \$8.0 billion in 2025 and 2026, more than sufficient to cover those years' maturities of \$1.3 billion and \$1.5 billion, respectively. Honeywell's strong operating performance and disciplined financial management position the company well to manage its near-term debt obligations without relying heavily on refinancing.

The chart below compares Honeywell's debt ratios with those of its peers (as of December 31, 2023):

Company	D/E ratio	Current Ratio	Quick Ratio	S&P Credit Rating
Honeywell	1.35	1.27	0.93	A
GE Aerospace	0.83	1.18	0.85	BBB+
RTX Corporation	0.76	1.04	0.78	BBB+
3M Company	2.26	1.07	0.76	BBB+
Emerson Electric	0.38	1.77	1.40	A
Illinois Tool Works	2.77	1.33	0.96	A+
Rockwell Automation	1.16	1.08	0.72	A
Carrier Global	1.70	2.73	2.40	BBB

Source: FactSet

Honeywell's Debt-to-Equity (D/E) ratio of 1.35 indicates a moderate reliance on debt compared to some of its peers, such as Emerson Electric and Rockwell Automation, which have lower leverage ratios. Despite this, Honeywell maintains a strong A credit rating from S&P, reflecting its strong financial health and ability to meet its obligations. The company's current ratio of 1.27 and quick ratio of 0.93 suggest adequate short-term liquidity to handle near-term financial commitments, though slightly below peers like Carrier Global, which has significantly higher liquidity ratios.

Honeywell's stable cash flow generation and diversified revenue streams across high-margin business segments strengthen its ability to manage its debt obligations effectively. Furthermore, the company's investment-grade credit rating ensures access to favorable refinancing options if needed. Management has consistently emphasized maintaining a balanced capital structure while investing in growth and shareholder returns. This disciplined approach, combined with its strong financial profile and operating performance, positions Honeywell well to navigate upcoming maturities and preserve operational flexibility in the coming years.

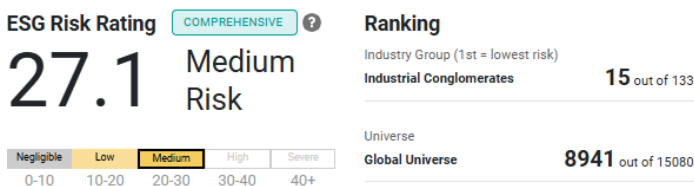
ESG Analysis

Environmentally, the company's reliance on energy-intensive industries like aerospace and chemicals poses

challenges to its emissions reduction goals, despite its strong initiatives, such as its commitment to carbon neutrality by 2035 and innovative technologies like Solstice® products³. Continued investments in renewable energy and energy efficiency are essential for addressing these challenges and aligning with global sustainability demands.

Socially, Honeywell has improved its leadership diversity, with 36% of its Board being women and 45% identifying as racially or ethnically diverse³. However, there is room for progress in diversifying senior leadership and improving measurable outcomes in equity programs. While community-focused initiatives, such as STEM education and disaster relief efforts, reinforce Honeywell's commitment to societal impact, achieving greater transparency and progress in workforce diversity metrics remains critical.

In terms of governance, Honeywell's complex global supply chain presents challenges for ensuring full compliance with its Supplier Code of Business Conduct³. While the company has implemented supplier audits and strong oversight frameworks, addressing these risks comprehensively is vital. Honeywell's robust governance practices, including annual training and Board oversight of ESG initiatives, provide a strong foundation, but continued focus on supply chain transparency and accountability will be key to further strengthening its ESG performance.



Source: Morningstar Sustainalytics

Honeywell's ESG rating places it as medium risk, reflecting a balanced approach to managing environmental, social, and governance factors compared to its peers. This medium-risk rating highlights areas where Honeywell has made progress, such as sustainability and governance initiatives, but also underscores opportunities for improvement, particularly in addressing emissions from energy-intensive industries and supply chain risks. Its position is competitive within the Industrial

Conglomerates sector, ranking slightly above the average for medium-risk companies.

Company	ESG Risk Rating	
Honeywell (HON)	27.1	Medium
GE Aerospace (GE)	32.7	High
RTX Corporation (RTX)	30.2	High
3M Company (MMM)	42.9	Severe
Emerson Electric (EMR)	22.8	Medium
Illinois Tool Works (ITW)	26.3	Medium
Rockwell Automation (ROK)	17.5	Low
Carrier Global (CARR)	16.2	Low

Source: Morningstar Sustainalytics

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RECENT DEVELOPMENTS

Recent Earnings Announcement

Honeywell's third-quarter 2024 results highlighted a mixed performance, with adjusted EPS of \$2.58, beating the high end of guidance and up 8% year-over-year. The results were driven by strong segment margin management and cost control measures. However, organic sales growth of 3% fell short of expectations due to project delays in Industrial Automation and supply chain disruptions in Aerospace. Despite these challenges, Aerospace still achieved 10% organic growth, driven by strong demand in commercial aviation and robust aftermarket services, which offset the impact of delays in product deliveries. Similarly, Building Automation posted a strong 14% organic growth year-over-year⁴.

Management revised its full-year sales guidance to a range of \$38.6 billion to \$38.8 billion, representing 3%–4% organic growth, down from the previous 5%–6% range. This updated guidance aligns with our revenue estimates

for 2024, where we have forecasted \$38.6 billion at the low end. Segment margins are expected to end the year between 23.4% and 23.5%, reflecting resilient profitability despite softer revenue growth. Honeywell's backlog reached a record \$34 billion, growing 10% year-over-year, with strength in Energy and Sustainability Solutions and Building Automation. This positions the company to capitalize on future growth opportunities⁴.

Furthermore, Honeywell provided guidance for the fourth quarter, expecting sales between \$10.2 billion and \$10.4 billion and adjusted EPS in the range of \$2.73 to \$2.83, representing a 1%–5% year-over-year increase. Management highlighted its ongoing focus on portfolio optimization, with recent acquisitions in high-growth areas such as energy and automation expected to drive accretive growth. Additionally, Honeywell's capital deployment for 2024, including \$14 billion for acquisitions, dividends, and share buybacks, underscores its balanced approach to growth and shareholder returns.

Acquisitions

In 2024, Honeywell has spent \$9.0 billion across four key acquisitions as part of its ongoing portfolio optimization strategy. We expect these acquisitions to strengthen all the company's segments while enhancing its margin profile and future growth prospects. Collectively, these acquisitions are expected to contribute \$2 billion in annualized run-rate sales; we believe this will further strengthen Honeywell's position in its core and adjacent markets.

Access Solutions: Honeywell acquired this business for \$4.95 billion from Carrier Global to enhance its Building Automation segment. This acquisition adds equipment-agnostic solutions that improve Honeywell's ability to develop smart building technologies, particularly in cloud-based security and access services. This move helps address growing demand for scalable and efficient building systems.

Civitanavi Systems S.p.A: Purchased for €200 million, this acquisition brings advanced navigation and stabilization technologies to Honeywell's Aerospace segment. It expands Honeywell's capabilities in commercial and defense markets while strengthening its presence in Europe, a key growth area.

CAES Systems Holdings LLC: Honeywell acquired CAES Systems for \$1.9 billion to boost its defense technology offerings. The acquisition improves Honeywell's capabilities across land, sea, air, and space defense platforms, aligning with increased demand for advanced aerospace and defense technologies.

Air Product's LNG Process Technology and Equipment Business: Acquired for \$1.81 billion, this business expands Honeywell's Energy and Sustainability Solutions segment. It adds advanced liquefied natural gas pre-treatment and liquefaction technologies, enabling Honeywell to provide better solutions for the global energy transition.

Advanced Materials Spin-Off

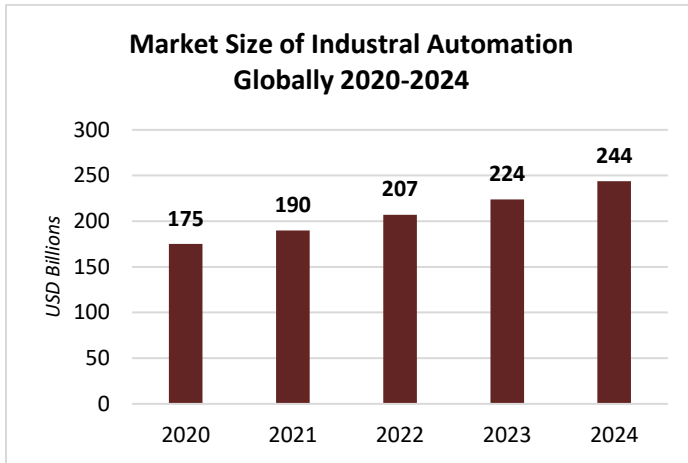
In October 2024, Honeywell announced plans to spin off its Advanced Materials business into an independent, publicly traded company by late 2025 or early 2026. This strategic move aims to streamline Honeywell's focus on three key areas: automation, the future of aviation, and energy transition. By creating a standalone entity, the Advanced Materials division can concentrate on developing sustainable specialty chemicals and materials, leveraging its leading technologies and deep customer relationships. The new company is expected to generate approximately \$3.8 billion in revenue with an EBITDA margin greater than 25% in fiscal year 2024⁵.

INDUSTRY TRENDS

Automation and Digital Transformation

Many industries are accelerating the adoption of advanced technologies like the Internet of Things (IoT), artificial intelligence (AI), and industrial automation to enhance efficiency and productivity. The global industrial automation and control systems market was estimated at \$244 billion in 2024 and is anticipated to grow at a 10.8% CAGR from 2025 to 2030⁶. In manufacturing, automation adoption has led to significant reductions in operational costs, while improving quality and production efficiency.

Honeywell is leveraging this trend by expanding its digital offerings, such as the Honeywell Forge platform, which integrates IoT and AI to optimize industrial workflows. The recent acquisition of Carrier's Global Access Solutions is expected to further strengthen its portfolio by incorporating cloud-based building automation technologies.



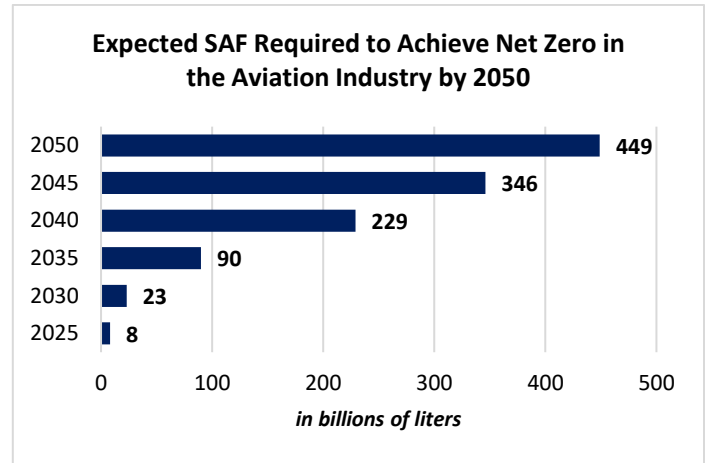
Source: Statista

Aerospace and Sustainability

The aerospace industry is undergoing a significant transformation driven by increasing air travel demand and a growing focus on sustainability. One key trend is the adoption of Sustainable Aviation Fuel (SAF), which aims to reduce the aviation sector's carbon footprint. SAF currently accounts for less than 1% of global aviation fuel consumption, but it is projected to rise to 10% by 2030 as governments and airlines pursue ambitious emissions reduction targets⁷. Additionally, advancements in autonomous navigation, avionics, and air traffic management systems are reshaping the industry.

Honeywell is uniquely positioned to benefit from this trend through its UOP Ecofining™ technology, a market leader in SAF production. This technology allows refineries to convert renewable feedstocks into sustainable jet fuel, creating a significant revenue stream through licensing, catalyst sales, and equipment. Honeywell's aerospace systems, including fuel systems and engines, are also SAF-compatible, making it a key player in helping airlines transition to cleaner fuels.

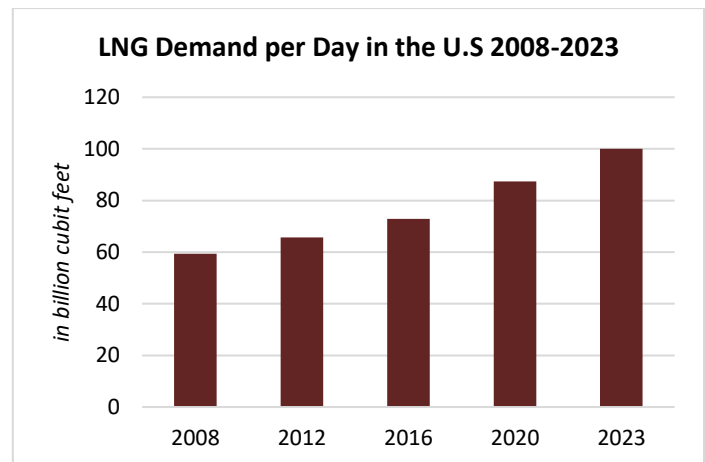
We see SAF adoption as an opportunity for Honeywell to strengthen customer relationships, particularly with airlines and aviation manufacturers seeking sustainable solutions. As SAF production scales, Honeywell is poised to capture demand from both SAF producers and airlines upgrading fleets, while also benefiting from increased aftermarket services such as maintenance and system upgrades.



Source: Statista

Energy Transition

The push for renewable energy and energy efficiency continues to dominate the global agenda. The International Energy Agency (IEA) projects that renewable energy will account for 90% of the global power capacity expansion by 2028⁸. Additionally, liquefied natural gas (LNG) is expected to play a transitional role in reducing carbon emissions, with demand projected to grow by 4% annually through 2035⁸.



Source: Statista

We believe Honeywell is well-positioned to capitalize on these trends. The acquisition of Air Products' LNG Process Technology and Equipment Business expands its capabilities in natural gas pre-treatment and liquefaction, addressing growing demand for cleaner fossil fuels. Honeywell's focus on energy-efficient systems, carbon capture, and renewable technologies aligns with global investment trends, and we see these developments

strengthening its Energy and Sustainability Solutions segment while creating meaningful growth opportunities.

MARKETS AND COMPETITION

The global industrial automation and advanced technologies market is projected to reach \$370 billion by 2030⁶. This growth is driven by the increasing adoption of automation, digital transformation across industries, and the rising focus on energy efficiency and sustainability. The aerospace sector is also expected to see steady growth, fueled by a recovery in air travel and investments in sustainable aviation technologies. As businesses and governments prioritize operational efficiency, innovation, and environmental goals, these markets served by Honeywell are positioned for strong expansion.

Peer Comparisons

For this analysis, we selected the following peers: General Electric (GE), Raytheon Technologies (RTX), 3M (MMM), Emerson Electric (EMR), Illinois Tool Works (ITW), Rockwell Automation (ROK), and Carrier Global (CARR). These companies represent leading players across Honeywell's key markets, including aerospace, industrial automation, building technologies, and energy solutions.

Like Honeywell, these peers operate diversified business segments and are involved in providing advanced technologies, systems, and services to industries ranging from manufacturing to defense. The chart below highlights FY2023 financial data for Honeywell and its selected peers (\$ in millions).

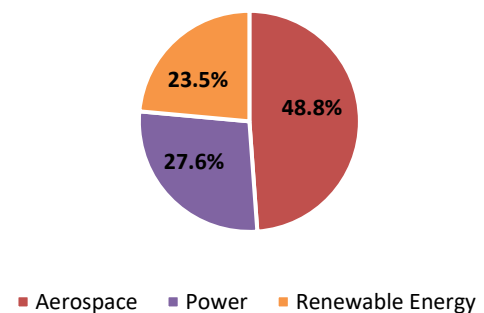
Company	Mkt Cap	Revenue	Net Income
GE	192,625	67,955	9,066
RTX	158,591	68,920	3,195
HON	147,391	36,647	5,658
ITW	78,662	16,107	2,957
EMR	73,612	17,492	1,618
MMM	69,616	32,681	(6,995)
CARR	66,843	22,098	1,349
ROK	31,620	8,262	948

Source: FactSet

GE Aerospace (GE)

General Electric (GE) is a global industrial company operating through three main business segments: Aerospace, Renewable Energy, and Power. The Aerospace segment focuses on jet engines and related services for commercial and military aviation. Its Renewable Energy segment includes wind turbines and hydroelectric systems. The Power segment provides gas turbines, steam turbines, and other technologies for electricity generation. GE serves a broad range of industries, including aviation, energy, and utilities, while focusing on innovation and sustainability.

GE 2023 Revenue by Segment (\$67.9B)



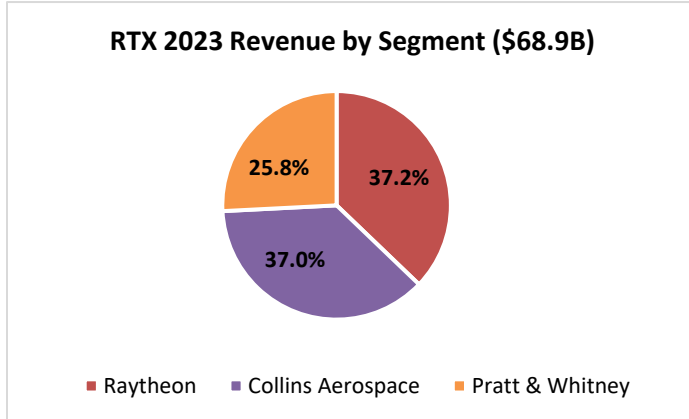
Source: FactSet

GE and Honeywell compete in Aerospace and Energy Solutions. GE specializes in jet engine manufacturing, while Honeywell offers a broader aerospace portfolio, including avionics, navigation systems, and predictive analytics through Honeywell Forge, which optimizes fleet management and maintenance. In energy, GE focuses on renewable generation technologies like wind and hydro, whereas Honeywell emphasizes energy efficiency, carbon capture, and sustainable fuels. Honeywell's diversification into building technologies and automation further sets it apart from GE's narrower focus on aviation and power.

Raytheon Technologies (RTX)

Raytheon Technologies (RTX) is a global leader in aerospace and defense, operating through three main segments: Collins Aerospace, Pratt & Whitney, and Raytheon Defense. The Collins Aerospace segment provides avionics, interiors, and systems for commercial and military aircraft. Pratt & Whitney specializes in jet engines for commercial, military, and business aviation, including advanced, fuel-efficient engines. Raytheon Defense focuses on integrated defense solutions, including

missiles, radars, sensors, and command systems. RTX is a key player serving both government and commercial markets globally.

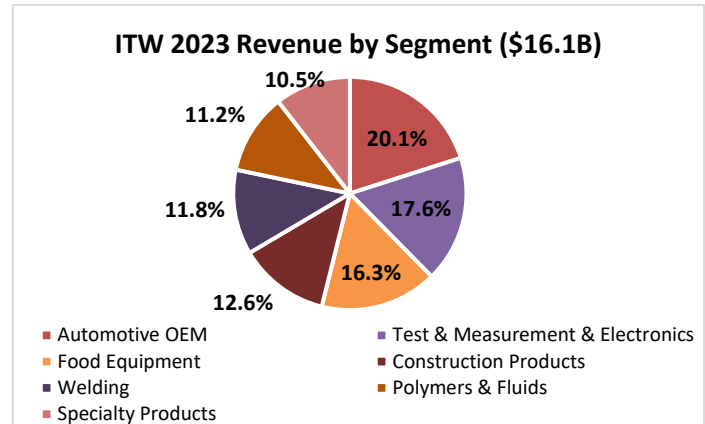


Source: FactSet

RTX and Honeywell are both prominent players in the Aerospace sector, but their focuses differ. RTX's Pratt & Whitney segment specializes in jet engines, while Honeywell offers avionics, navigation systems, and predictive maintenance tools like Honeywell Forge. In defense, RTX leads with missile systems and radar technologies, whereas Honeywell focuses on advanced navigation and avionics for military applications. Honeywell's broader diversification into energy efficiency, automation, and building technologies gives it an advantage in addressing sustainability trends and market needs beyond aerospace and defense.

Illinois Tool Works (ITW)

Illinois Tool Works, Inc. (ITW) is a diversified manufacturer of industrial products and equipment, operating through seven business segments: Automotive OEM, Test and Measurement and Electronics, Food equipment, Polymers and Fluids, Welding, Construction Products, and Specialty Products. The automotive OEM segment produces fasteners and components for automotive applications. Test and measurement and electronics provides equipment and software for testing materials and fluids. The food equipment segment offers commercial foodservice equipment and services. Polymers and fluids include adhesives, lubricants, and auto maintenance products, while welding delivers arc welding equipment for industrial uses. Construction products manufacture fastening systems, and specialty products focuses on packaging, coding, and appliance components



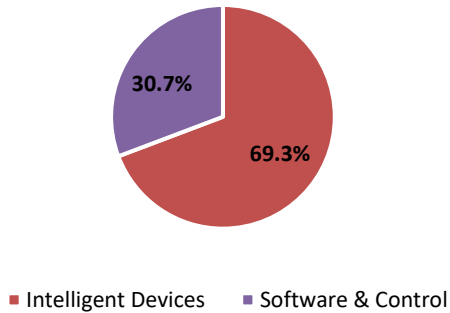
Source: FactSet

ITW and Honeywell compete indirectly in industrial and automation markets, with ITW focusing on specialized, high-margin products and Honeywell offering integrated solutions. ITW's core strength are adhesives, welding systems, and food equipment, while Honeywell's portfolio spans broader areas. Honeywell's technologies are tailored to address digital transformation and sustainability trends, providing capabilities ITW does not directly emphasize.

Emerson Electric (EMR)

Emerson Electric Co. is a global technology and engineering company that provides solutions for industrial, commercial, and residential applications. The company operates through two primary segments: Intelligent Devices and Software and Control. The intelligent devices segment includes measurement and analytical instruments, safety and production equipment, and control devices designed for industrial automation. The software and control segment focuses on automation software, control systems, and digital tools that enable businesses to optimize their operations and improve productivity.

EMR 2023 Revenue by Segment (\$17.5B)



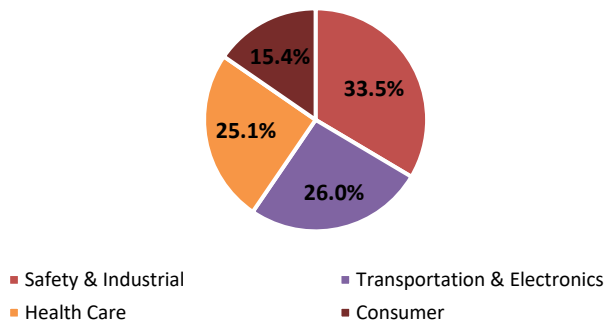
Source: FactSet

Emerson and Honeywell compete in industrial automation and process control, with both companies targeting digital transformation and operational efficiency. Emerson excels in offering advanced control systems and measurement devices, while Honeywell differentiates itself through integrated platforms like Honeywell Forge, which provides predictive analytics and energy management solutions.

3M Company (MMM)

3M Company operates through four primary segments: safety and industrial, transportation and electronics, healthcare, and consumer. The safety and industrial segment offers personal protective equipment, adhesives, abrasives, and filtration solutions for various industrial applications. The transportation and electronics segment focuses on advanced materials, adhesives, and films for automotive, aerospace, and electronics markets. The healthcare segment provides medical devices, dental products, and drug delivery systems to hospitals and clinics. Lastly, the consumer segment includes household and office products, such as adhesives, cleaning products, and stationery.

MMM 2023 Revenue by Segment (\$32.6B)



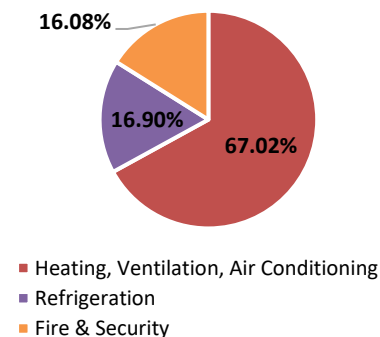
Source: FactSet

3M and Honeywell compete directly in areas such as personal protective equipment and industrial adhesives, but their business approaches differ. 3M focuses on providing a wide range of product-based solutions for safety, industrial, and healthcare markets. Honeywell, on the other hand, leverages integrated technologies, to offer system-based solutions that enhance efficiency.

Carrier Global Corporation (CARR)

Carrier Global Corporation provides heating, ventilation, and air conditioning (HVAC), refrigeration, and fire and security solutions. The company operates through three primary segments: HVAC, Refrigeration, and Fire and Security. The HVAC segment focuses on residential and commercial climate control systems, providing energy-efficient solutions for heating and cooling. The refrigeration segment offers products for preserving and transporting perishable goods, including transport refrigeration systems and cold chain monitoring solutions. The fire and security segment provides building safety systems, including fire detection, suppression, and access control solutions.

CARR 2023 Revenue by Segment (\$22B)



Source: FactSet

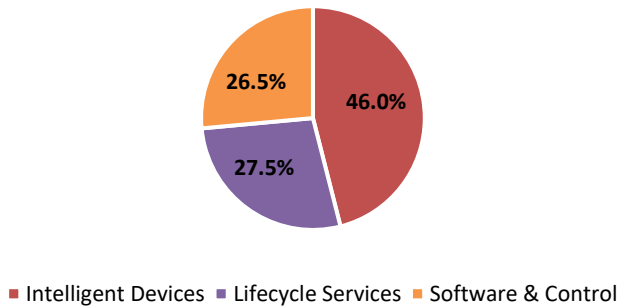
Carrier and Honeywell compete in the building technologies market, particularly in climate control and building automation. Carrier specializes in HVAC and refrigeration products, while Honeywell offers a broader range of solutions, including integrated building automation systems, energy management, and advanced analytics.

Rockwell Automation (ROK)

Rockwell Automation provides hardware, software, and services to help businesses optimize their operations. The company operates through three primary segments:

Intelligent Devices, Software and Control, and Lifecycle Services. The intelligent devices segment includes industrial sensors, controllers, and safety products for automation systems. The software and control segment offers automation software, control systems, and analytics tools designed to improve operational efficiency. Lifecycle services provide consulting, system integration, and maintenance to support customers throughout their automation journey.

ROK 2023 Revenue by Segment (\$8.2B)



Source: FactSet

Rockwell Automation and Honeywell both target the industrial automation and digital transformation markets, but their approaches differ. Rockwell specializes in automation hardware and software, focusing heavily on manufacturing and industrial processes. Honeywell, on the other hand, offers a broader portfolio that spans industrial automation, building technologies, aerospace, and energy solutions.

Financial and Operating Metrics

Market Valuation

Company	Mkt Cap (B)	Trailing P/E	Forward P/E
HON	147.3	26.1	20.4
GE	192.6	35.1	32.6
RTX	158.5	34.3	19.8
ITW	78.6	23.0	24.5
EMR	73.6	45.7	21.6
MMM	69.6	13.3	16.1
CARR	66.8	43.8	24.6
ROK	31.6	33.8	29.6

Source: Yahoo Finance

With a market capitalization of \$147.3 billion, Honeywell is one of the largest companies in its industry, trailing only GE and RTX. This strong market cap reflects HON's diversified operations and leadership in key sectors.

HON's trailing P/E ratio of 26.1 places it in the mid-range compared to its peers. It is lower than GE and EMR, suggesting that these companies may have stronger recent performance or higher growth expectations from investors. However, HON's trailing P/E is higher than ITW and MMM, indicating the market holds a more optimistic view of HON's earnings quality and stability compared to these companies.

Looking at the forward P/E ratio, HON's reflects healthy expectations for future earnings growth. This is slightly lower than ROK and GE, which indicates these companies may be perceived as having higher growth potential. However, HON remains competitive with RTX and ITW, signaling that the market expects consistent growth aligned with broader trends in automation, aerospace, and sustainability. Overall, HON's valuation reflects its strong market position, consistent performance, and balanced growth outlook, positioning it as a stable and competitive player in its peer group.

Profitability Ratios

Company	TTM Op Margin (%)	Net Margin (%)	ROA (%)	ROE (%)
HON	15.53	15.44	7.25	25.54
GE	18.25	13.3	3.02	22.55
RTX	11.99	4.64	3.16	7.35
ITW	26.75	18.36	17.03	108.04
EMR	17.60	9.25	4.33	5.93
MMM	5.54	(21.40)	3.42	10.76
CARR	12.68	6.10	4.18	13.93
ROK	15.53	11.48	7.25	25.54

Source: FactSet, Yahoo Finance

Honeywell's profitability ratios show competitive results when compared to its peers, though with some areas for improvement. Its operating margin is solid but falls compared to ITW and GE. This indicates that while Honeywell is managing its operational costs effectively, it has room to improve pricing power or efficiency relative to its top-performing peers. Honeywell's operating margin

aligns closely with ROK, reflecting similar industry dynamics in automation and industrial technologies.

Honeywell's net margin of is strong, significantly outperforming several competitors, including RTX and CARR. This suggests that Honeywell's core operations translate efficiently into bottom-line profits, benefiting from its diversified portfolio and effective cost control measures.

Regarding ROA and ROE, Honeywell demonstrates solid efficiency and shareholder returns. Its ROA is among the higher performers in the group, indicating effective use of assets to generate profits, on par with ROK. Honeywell's ROE also stands out as competitive, significantly outperforming peers like RTX and EMR. However, ITW far surpasses Honeywell with an impressive ROE of 108.04%, reflecting stronger profit generation relative to shareholder equity, likely driven by higher margins and asset efficiency.

In summary, Honeywell's profitability metrics reflect a well-managed and efficient operation, with competitive net margins and solid returns on assets and equity. However, to close the gap with leaders like ITW and GE, Honeywell could focus on enhancing operational margins and further optimizing asset utilization. These improvements would position the company for even stronger profitability in the future.

Operating Metrics

Company	R&D % Sales	SG&A % Sales	CapEx % Sales
HON	3.97	13.98	2.83
GE	2.81	13.53	2.35
RTX	4.07	8.43	3.50
ITW	1.76	14.61	2.82
EMR	3.45	27.60	2.39
MMM	5.64	65.87	4.94
CARR	3.15	16.85	2.40
ROK	6.41	24.23	2.72

Source: FactSet

Honeywell's operating metrics reflect a balanced approach to innovation, cost management, and capital investment compared to its peers. With R&D expenses at 3.97 percent of sales, HON is in the mid-range, closely aligned with RTX and EMR. Companies like ROK and MMM allocate

significantly more to R&D, highlighting their stronger emphasis on innovation. In contrast, ITW at 1.76 percent invests far less, suggesting a different strategic focus.

HON's SG&A expenses at 13.98 percent of sales are competitive and relatively efficient, especially when compared to peers like MMM, which has a notably high SG&A percentage. HON outperforms ROK at and EMR in managing selling and administrative costs, while being slightly above ITW and RTX, reflecting its broader diversification across multiple business segments.

In terms of CapEx as a percentage of sales, HON's 2.83 percent is consistent with peers like ROK and ITW. While slightly higher than EMR, it is lower than RTX, reflecting HON's focused investment in infrastructure and operational capacity. Notably, MMM leads with 4.94 percent in CapEx, highlighting its higher reinvestment in growth initiatives.

Overall, HON demonstrates a balanced approach to operational spending, with efficient SG&A management and competitive R&D and CapEx investments. This balance allows the company to maintain strong profitability while driving innovation and sustaining long-term growth.

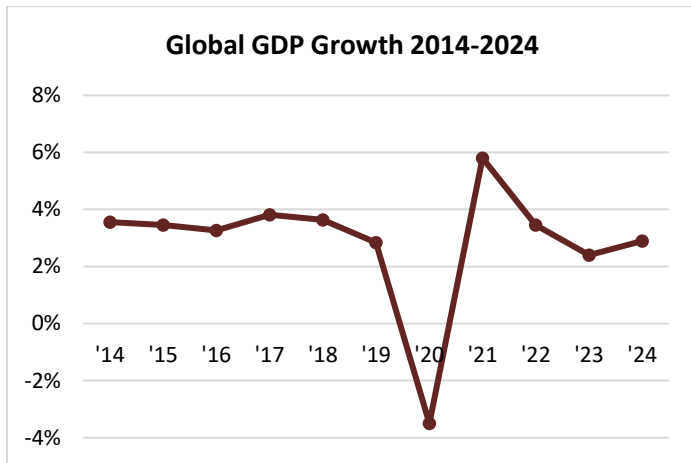
ECONOMIC OUTLOOK

Global GDP Growth

Over the past few years, global GDP growth has experienced significant fluctuations due to macroeconomic shocks such as the COVID-19 pandemic and ongoing geopolitical tensions. Growth plummeted to -3.5% in 2020 during the pandemic but rebounded to 5.8% in 2021 as economies reopened. However, slowing recovery and persistent inflation have slowed growth to an estimated 2.4% in 2023, with a modest improvement projected to 2.9% in 2024⁹. This trend reflects improving stability in developed markets and sustained industrial production in emerging economies.

We expect global GDP growth to remain modest in 2024, driven by improving stability in developed economies and consistent industrial production in emerging markets. This recovery will support Honeywell's growth in automation, aerospace, and building solutions as industrial and infrastructure activity picks up. However, it is important to

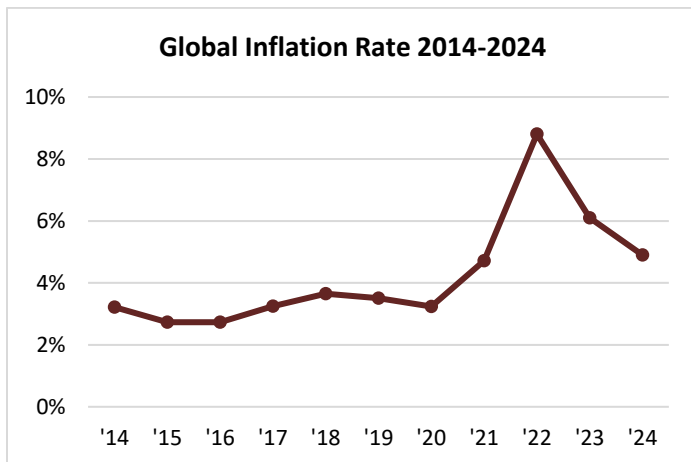
watch for geopolitical tensions or unexpected recessions in major economies that could weaken industrial output.



Source: Statista

Inflation

Global inflation surged post-pandemic, driven by supply chain disruptions, elevated energy prices, and monetary stimulus. Inflation rates peaked at 8.8% in 2022, before easing to 6.1% in 2023 and an expected 4.9% in 2024⁹. Despite this moderation, inflation remains above central bank targets, keeping monetary policy tight. For industrial companies like Honeywell, inflation impacts raw material costs, pricing strategies, and operational expenses, requiring careful cost management.



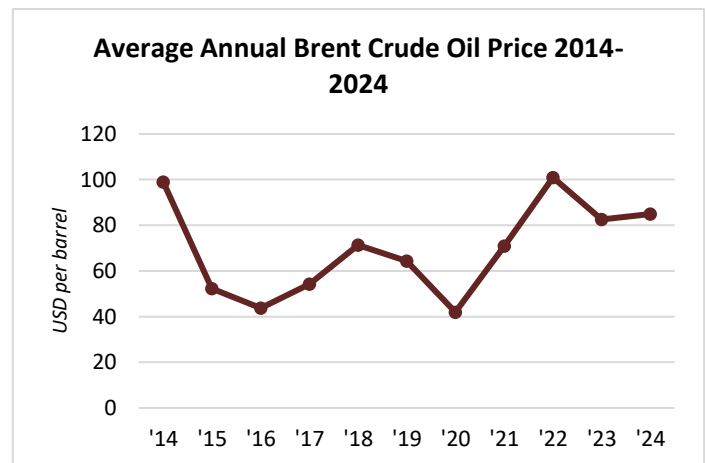
Source: Statista

Inflation is expected to moderate to 4.9% in 2024 as supply chains stabilize and central banks maintain tight monetary policies. This will ease cost pressures on raw materials and improve Honeywell's pricing power across its segments. It is crucial to keep an eye on raw material cost trends,

particularly for metals and chemicals critical to Honeywell's supply chain, and any changes in Federal Reserve policies that could influence inflation expectations.

Crude Oil Prices

Crude oil prices have experienced significant volatility, reflecting geopolitical events and shifting energy dynamics. Prices dropped to \$41.96 per barrel in 2020 but rebounded sharply to \$100.93 in 2022 due to supply constraints and energy demand recovery⁸. Prices have since stabilized around \$85 per barrel in 2024, reflecting balanced demand and supply conditions. These trends directly influence Honeywell's energy solutions business, particularly in renewable energy and LNG technologies.



Source: Statista

We expect oil prices to remain stable around \$85 per barrel, reflecting balanced supply and demand dynamics. This environment will drive investment in energy efficiency and renewable solutions, areas where Honeywell is well-positioned with its UOP Ecofining™ and LNG technologies. It is important to monitor OPEC+ production decisions, geopolitical disruptions in major oil-producing regions, and demand changes driven by the global energy transition, as these factors could introduce volatility.

VALUATION

Revenue Growth

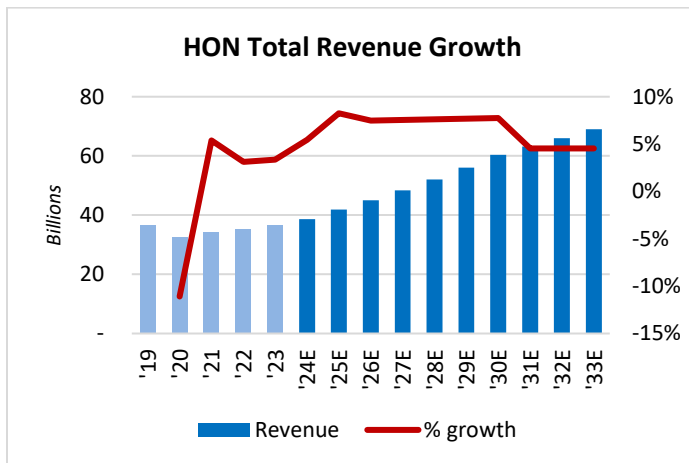
The Henry Fund forecasts Honeywell's revenue to grow by 5.46% in 2024 and achieve a 5.97% CAGR over the forecast period. This steady growth reflects strong demand across Honeywell's diversified portfolio, driven by favorable

trends in automation, energy transition, and aerospace recovery. Honeywell's ability to capitalize on high-growth markets is supported by a strong product mix, innovative technologies, and strategic acquisitions.

The Energy and Sustainability Solutions segment is poised to benefit from increased investments in renewable energy and clean fuels. The recent acquisition of Air Products' LNG business and the expansion of Honeywell's UOP Ecofining™ technology for sustainable aviation fuel are expected to contribute significantly to revenue growth. Similarly, the Aerospace Technologies segment continues to gain momentum, fueled by recovering air travel demand and growing defense expenditures.

For each of the segments, we used growth rates based on consensus estimates obtained from Bloomberg for FY24 and 25. Beyond these years, assumptions were formulated using a combination of historical trends and available consensus data.

While macroeconomic challenges, such as high interest rates and geopolitical risks, pose some uncertainty, Honeywell's diverse end markets and strong backlog position the company to sustain its growth trajectory. The company's recent segment realignment and continued investments in innovation and digital tools like Honeywell Forge further enhance its ability to meet evolving market demands and capture long-term opportunities.



Source: HON 10-K, Henry Fund Model

Operating Expenses

Honeywell's cost structure reflects the diverse nature of its operations, from high-margin digital tools and services to capital-intensive industrial systems. In our forecast, cost of

products sold, and cost of services sold were calculated as a percentage of their respective sales, aligning with historical trends and the variability in material and labor costs between these categories. This approach captures Honeywell's differentiated cost dynamics across its segments.

For SG&A expenses, our forecast adopts a declining percentage of sales, reflecting the fixed nature of many corporate overhead costs and the company's ability to achieve scalability. While SG&A will grow in absolute dollar terms as revenue increases, it is not expected to grow proportionally, thanks to efficiencies gained through digital transformation initiatives like Honeywell Forge. This approach provides a more realistic outlook, aligning with Honeywell's historical ability to manage overhead effectively while driving revenue growth.

Furthermore, R&D expenses were calculated as a percentage of total sales, reflecting Honeywell's consistent commitment to innovation. Historically, the company has allocated approximately 4-5% of revenue to R&D, funding advancements in automation, sustainable energy, and aerospace technologies. This methodology ensures that R&D spending grows in proportion to revenue, supporting Honeywell's strategic emphasis on high-growth, innovation-driven markets.

Earnings Estimates

Our earnings per share (EPS) estimates for Honeywell are \$9.39, \$10.43, and \$11.94 for 2024, 2025, and 2026, respectively. These figures are slightly below consensus estimates of \$9.69, \$10.73, and \$11.95, reflecting our more conservative view on near-term challenges such as higher interest expenses and acquisition integration costs.

Despite the slight variance, our estimates align closely with consensus in the medium term, as we expect Honeywell to benefit from increasing demand across its core segments. Over the forecast horizon, we see Honeywell continuing to deliver steady earnings growth, supported by its diverse portfolio and operational efficiencies.

Capital Expenditures

Honeywell does not provide specific guidance on capital expenditures beyond the current year. However, we forecast \$1.7 billion in CapEx for 2024 using a historical average of capital expenditures plus acquisition-related

investments. We increased these estimates at a steady growth rate, accounting for inflation over the forecast period, reflecting the company's consistent investment in infrastructure and strategic growth initiatives.

Payout Policy Forecasts

We project an average dividend payout ratio of 36.9% over the forecast period, reflecting Honeywell's consistent commitment to returning value to shareholders. Honeywell's current dividend yield of 2.08% is competitive within its peer group and shows the company's focus on delivering reliable income to investors. Alongside dividend payments, Honeywell has demonstrated a strong commitment to share repurchases, with significant buybacks in recent years to enhance shareholder value. These efforts, combined with steady earnings growth, ensure that Honeywell maintains a balanced approach to capital allocation, providing both income and capital appreciation opportunities for shareholders.

WACC Assumptions

Our calculated weighted average cost of capital (WACC) for Honeywell was 8.07%. For this calculation, we made the following assumptions:

Risk-Free Rate: We used the 10-year Treasury bond yield as of November 20, 2024.

Beta: We obtained 0.89 beta from Bloomberg using the average 3-year weekly adjusted beta.

Equity Risk Premium: We used the Henry Fund consensus estimate of 5.00%

Pre-Tax Cost of Debt: We obtained 4.97% from Bloomberg as the yield to maturity for a Honeywell 10-year corporate bond.

Tax Rate: We used an implied marginal tax rate of 23.18% based on Honeywell's historical average.

Discounted Cash Flow Model (DCF)

The Henry Fund's Discounted Cash Flow (DCF) and Economic Profit (EP) models for Honeywell imply a target share price of \$237. We are confident in these models as they account for key factors like Honeywell's ESOPs, cash flow, and debt, providing a full picture of the company's value. By including segment-specific growth and other

detailed assumptions, we believe this is the most reliable model for estimating Honeywell's stock price.

Dividend Discount Model (DDM)

The Henry Fund's Discount Model (DDM) for Honeywell obtained a target share price of \$248. We view this model as accurate due to its reliance on Honeywell's strong and consistent EPS, which aligns closely with consensus estimates. The DDM reflects the company's steady dividend payouts and its commitment to returning value to shareholders, making it a reliable approach to valuing Honeywell's stock.

Relative Valuation Model

The Henry Fund's relative valuation models for Honeywell yield implied share prices of \$267 based on P/E (2024), \$266 based on P/E (2025), \$236 based on EV/EBITDA (2024), and \$230 based on P/S (2024). These values, derived from Honeywell's peer group are consistent with the company's strong earnings, revenue base, and operational efficiency.

Additionally, these implied prices fall within the range of our DCF and DDM models, reinforcing confidence in our valuation approach. While we weight the DCF and DDM models more heavily due to their comprehensive incorporation of Honeywell's cash flow and dividend strength, the relative valuation provides additional context and highlights how Honeywell compares to peers. This alignment supports our final target price range and reflects Honeywell's balanced growth and profitability relative to the market.

KEYS TO MONITOR

Drivers

Portfolio Optimization: Honeywell's strategic realignment, including the planned spin-off of the Advanced Materials business and its focus on high-growth segments like Energy and Sustainability Solutions, positions the company for long-term profitability and higher-margin opportunities.

Acquisitions Supporting Growth: Recent acquisitions, such as Air Products' LNG business and Civitanavi Systems, are expected to contribute approximately \$2 billion in

additional annual sales, strengthening Honeywell's position in aerospace, automation, and energy markets.

Energy Transition Opportunities: Increasing global investments in clean energy, projected to grow at a 10.1% CAGR through 2030, align directly with Honeywell's offerings in carbon capture, hydrogen production, and UOP Ecofining™ technology.

Aerospace Recovery: Honeywell's Aerospace Technologies segment is poised for growth, driven by a 6.5% CAGR in global air traffic through 2030 and rising defense spending globally, expected to grow at a 4.1% CAGR through 2028⁷.

Risks

Interest Rates: Elevated interest rates could delay customer capital expenditure, particularly in energy and industrial markets.

Inflation: Persistent inflation in raw materials could pressure margins, requiring Honeywell to maintain strong pricing power.

Acquisition Integration Risks: Delays or unexpected costs related to recent acquisitions may impact near-term profitability.

Geopolitical Uncertainty: Exposure to defense and energy markets leaves Honeywell vulnerable to global political and regulatory shifts.

Keys to Monitor

The upcoming change in government in 2025 introduces potential shifts in fiscal and monetary policies that could impact Honeywell. Changes to infrastructure spending, renewable energy incentives, and defense budgets could directly influence demand across key segments.

Geopolitical risks, particularly in defense and aerospace, and potential adjustments to environmental regulations will also play a significant role. Honeywell's ability to navigate these uncertainties, while capitalizing on carbon reduction targets and executing its capital allocation strategy, including share repurchases and dividend growth, will be critical to sustaining long-term growth.

Conclusion

Our final rating for Honeywell is a BUY, with a target price range of \$236–\$250, closely aligned with consensus estimates. Honeywell's exposure to high-growth markets, strong backlog, and focus on shareholder returns position it for sustained performance. While risks such as rising rates and geopolitical uncertainties exist, the company's portfolio optimization and strong cash flows support its long-term growth outlook, making it an attractive investment.

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10. [Bloomberg](#)
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Honeywell International Inc
Revenue Decomposition

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023		2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue by Operating Segment until 2023						Revenue by Operating Segment after Realignment										
Aerospace	14,054	11,544	11,026	11,827	13,624	Aerospace Technologies	15,128	16,813	18,028	19,335	20,740	22,252	23,877	25,071	26,325	27,641
% Growth		-17.86%	-4.49%	7.26%	15.19%	% Growth	11.04%	11.14%	7.23%	7.25%	7.27%	7.29%	7.31%	5.00%	5.00%	5.00%
Honeywell Building Technologies	5,717	5,189	5,539	6,000	6,031	Building Automation	6,447	7,026	7,664	8,367	9,142	9,997	10,941	11,380	11,838	12,315
% Growth		-9.24%	6.75%	8.32%	0.52%	% Growth	6.90%	8.99%	9.08%	9.17%	9.26%	9.35%	9.44%	4.01%	4.02%	4.03%
Performance Materials and Technologies	10,834	9,423	10,013	10,727	11,506	Industrial Automation	10,445	10,954	11,599	12,284	13,011	13,782	14,601	15,228	15,883	16,568
% Growth		-13.02%	6.26%	7.13%	7.26%	% Growth	4.87%	5.89%	5.91%	5.92%	5.93%	5.94%	4.30%	4.30%	4.31%	4.31%
Safety and Productivity Solutions	6,104	6,481	7,814	6,907	5,489	Energy and Sustainability Solutions	6,630	7,048	7,683	8,386	9,162	10,021	10,973	11,451	11,950	12,473
% Growth		6.18%	20.57%	-11.61%	-20.53%	% Growth	6.29%	9.02%	9.14%	9.26%	9.38%	9.49%	4.36%	4.36%	4.37%	4.37%
Corporate and All Other	-	-	-	5	12	Corporate and All Other	12	12	13	13	13	14	14	14	14	15
% Growth					140.00%	% Growth	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Total	36,709	32,637	34,392	35,466	36,662	Total	38,663	41,853	44,988	48,385	52,069	56,066	60,405	63,144	66,011	69,012
% Growth		-11.09%	5.38%	3.12%	3.37%	% Growth	5.46%	8.25%	7.49%	7.55%	7.61%	7.68%	7.74%	4.53%	4.54%	4.55%
Revenue by Product Line until 2023						Revenue by Product Line after Realignment										
Aerospace						Aerospace Technologies										
Commercial Aviation Original Equipment	2,999	1,940	1,720	2,089	2,397	Commercial Aviation Original Equipment	2,763	3,185	3,504	3,854	4,240	4,664	5,130	5,387	5,656	5,939
% Growth		-35.31%	-11.34%	21.45%	14.74%	% Growth	15.28%	15.28%	10.00%	10.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%
Commercial Aviation Aftermarket	5,761	3,812	4,155	5,108	6,241	Commercial Aviation Aftermarket	7,037	7,934	8,489	9,084	9,719	10,400	11,128	11,684	12,268	12,882
% Growth		-33.83%	9.00%	22.94%	22.18%	% Growth	12.75%	12.75%	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%	5.00%	5.00%
Defense and Space	5,294	5,792	5,151	4,630	4,986	Defense and Space	5,328	5,694	6,035	6,397	6,781	7,188	7,619	8,000	8,400	8,820
% Growth		9.41%	-11.07%	-10.11%	7.69%	% Growth	6.86%	6.86%	6.00%	6.00%	6.00%	6.00%	6.00%	5.00%	5.00%	5.00%
Total Aerospace	14,054	11,544	11,026	11,827	13,624	Total Aerospace	15,128	16,813	18,028	19,335	20,740	22,252	23,877	25,071	26,325	27,641
		-17.86%	-4.49%	7.26%	15.19%		11.04%	11.14%	7.23%	7.25%	7.27%	7.29%	7.31%	5.00%	5.00%	5.00%
Honeywell Building Technologies						Building Automation										
Products	3,293	2,971	3,243	3,638	3,583	Products	3,738	3,974	4,225	4,492	4,776	5,078	5,399	5,561	5,728	5,900
% Growth		-9.78%	9.16%	12.18%	-1.51%	% Growth	4.32%	6.32%	6.32%	6.32%	6.32%	6.32%	6.32%	3.00%	3.00%	3.00%
Building Solutions	2,424	2,218	2,296	2,362	2,448	Building Solutions	2,709	3,052	3,439	3,875	4,366	4,919	5,542	5,819	6,110	6,416
% Growth		-8.50%	3.52%	2.87%	3.64%	% Growth	10.67%	12.67%	12.67%	12.67%	12.67%	12.67%	12.67%	5.00%	5.00%	5.00%
Total Honeywell Building Technologies	5,717	5,189	5,539	6,000	6,031	Total Building Automation	6,447	7,026	7,664	8,367	9,142	9,997	10,941	11,380	11,838	12,315
							6.90%	8.99%	9.08%	9.17%	9.26%	9.35%	9.44%	4.01%	4.02%	4.03%
Performance Materials and Technologies						Industrial Automation										
UOP	2,890	2,177	2,348	2,404	2,586	Sensing and Safety Technologies	2,508	2,603	2,780	2,969	3,171	3,386	3,617	3,725	3,837	3,952
% Growth		-24.67%	7.85%	2.39%	7.57%	% Growth	-8.23%	3.78%	6.80%	6.80%	6.80%	6.80%	6.80%	3.00%	3.00%	3.00%
Process Solutions	5,146	4,590	4,611	4,731	5,267	Productivity Solutions and Services	1,185	1,236	1,323	1,416	1,515	1,621	1,734	1,821	1,912	2,007
% Growth		-10.80%	0.46%	2.60%	11.33%	% Growth	-9.76%	4.35%	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%	5.00%	5.00%
Advanced Materials	2,798	2,656	3,054	3,592	3,653	Warehouse and Workflow Solutions	1,260	1,301	1,343	1,387	1,431	1,478	1,525	1,571	1,618	1,667
% Growth		-5.08%	14.98%	17.62%	1.70%	% Growth	-12.65%	3.23%	3.23%	3.23%	3.23%	3.23%	3.23%	3.00%	3.00%	3.00%
Total Performance Materials and Technologies	10,834	9,423	10,013	10,727	11,506	Process Solutions	5,492	5,813	6,153	6,513	6,894	7,298	7,724	8,111	8,516	8,942
						% Growth	4.27%	5.85%	5.85%	5.85%	5.85%	5.85%	5.85%	5.00%	5.00%	5.00%
Safety and Productivity Solutions						Total Industrial Automation	10,445	10,954	11,599	12,284	13,011	13,782	14,601	15,228	15,883	16,568
Safety and Retail	2,215	2,414	2,387	2,860	2,733			4.87%	5.89%	5.91%	5.92%	5.93%	5.94%	4.30%	4.30%	4.31%
% Growth		8.98%	-1.12%	19.82%	-4.44%	Energy and Sustainability Solutions										
Productivity Solutions and Services	1,285	1,270	1,610	1,739	1,313	UOP	2,704	2,828	2,957	3,092	3,233	3,381	3,536	3,642	3,751	3,864
% Growth		-1.17%	26.77%	8.01%	-24.50%	% Growth	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	3.00%	3.00%	3.00%
Warehouse and Workflow Solutions	1,719	1,965	2,944	2,308	1,443	Advanced Materials	3,926	4,220	4,726	5,293	5,929	6,640	7,437	7,809	8,199	8,609
% Growth		14.31%	49.82%	-21.60%	-37.48%	% Growth	7.48%	7.48%	12.00%	12.00%	12.00%	12.00%	12.00%	5.00%	5.00%	5.00%
Advanced Sensing Technologies	885	832	873	N/A	N/A	Total Energy and Sustainability Solutions	6,630	7,048	7,683	8,386	9,162	10,021	10,973	11,451	11,950	12,473
% Growth		-5.99%	4.93%	0.00%	0.00%			6.29%	9.02%	9.14%	9.26%	9.38%	9.49%	4.36%	4.36%	4.37%
Total Safety Productivity Solutions	6,104	6,481	7,814	6,907	5,489											

Honeywell International Inc
Income Statement
(in millions)

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Product sales	27,629	24,737	25,643	25,960	25,773	27,064	29,297	31,492	33,870	36,448	39,246	42,284	44,201	46,207	48,308
Service sales	9,080	7,900	8,749	9,506	10,889	11,599	12,556	13,496	14,516	15,621	16,820	18,122	18,943	19,803	20,704
Net sales	36,709	32,637	34,392	35,466	36,662	38,663	41,853	44,988	48,385	52,069	56,066	60,405	63,144	66,011	69,012
Cost of products sold	16,625	15,302	15,859	15,751	15,801	16,216	17,922	19,264	20,719	22,296	24,007	25,866	27,038	28,266	29,551
Cost of services sold	5,070	4,531	4,979	5,392	6,018	6,544	7,084	7,614	8,189	8,813	9,489	10,224	10,687	11,173	11,681
Total cost of products and services sold	21,695	19,833	20,838	21,143	21,819	22,760	25,005	26,878	28,908	31,109	33,497	36,090	37,726	39,438	41,232
Depreciation	673	644	674	657	659	680	727	772	816	858	900	941	981	1,021	1,062
Amortization	415	358	549	547	517	454	414	377	341	306	271	236	201	166	131
Research and development expenses	1,556	1,334	1,333	1,478	1,456	1,573	1,703	1,830	1,968	2,118	2,281	2,457	2,569	2,685	2,808
SG&A expenses	5,519	4,772	4,798	5,214	5,127	5,245	5,507	5,742	5,990	6,253	6,531	6,825	6,921	7,018	7,117
Other (income) expense	(1,065)	(675)	(1,378)	(366)	(840)	(1,019)	(1,199)	(1,378)	(1,557)	(1,737)	(1,916)	(2,095)	(2,275)	(2,454)	(2,633)
Interest and other financial charges	357	359	343	414	765	1,016	1,051	1,097	1,120	1,176	1,215	1,292	1,347	1,382	1,425
Total costs, expenses, and other	29,150	26,625	27,157	29,087	29,503	30,708	33,208	35,319	37,586	40,083	42,779	45,746	47,469	49,257	51,140
Income before taxes	7,559	6,012	7,235	6,379	7,159	7,955	8,645	9,670	10,799	11,986	13,287	14,659	15,674	16,754	17,872
Tax expense	1,329	1,147	1,625	1,412	1,487	1,844	2,004	2,241	2,503	2,778	3,080	3,398	3,633	3,884	4,143
Net income	6,230	4,865	5,610	4,967	5,672	6,111	6,641	7,428	8,296	9,208	10,207	11,261	12,041	12,870	13,729
Net income attributable to NCI	87	86	68	1	14	57	55	48	44	59	73	76	77	83	91
Net income attributable to Honeywell	6,143	4,779	5,542	4,966	5,658	6,054	6,586	7,380	8,252	9,149	10,134	11,185	11,964	12,788	13,638
Total shares outstanding	711.10	696.80	684.80	668.14	652.18	637.82	624.52	612.23	600.87	590.00	577.57	565.92	554.99	544.75	535.14
Weighted average shares outstanding	721.00	704.10	692.30	677.10	663.00	645.00	631.17	618.37	606.55	595.43	583.78	571.75	560.46	549.87	539.94
Basic EPS	8.52	6.79	8.01	7.33	8.53	9.39	10.43	11.93	13.60	14.36	15.36	16.56	17.35	18.26	19.26
Dividends per share	3.36	3.63	3.77	3.97	4.17	\$ 4.37	\$ 4.57	\$ 4.77	\$ 4.97	\$ 5.17	\$ 5.37	\$ 5.57	\$ 5.77	\$ 5.97	\$ 6.17

Honeywell International Inc
Balance Sheet
(in millions)

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets															
<i>Current Assets:</i>															
Cash and cash equivalents	9,067	14,275	10,959	9,627	7,925	6,174	7,223	8,513	11,257	14,490	19,046	24,164	29,524	35,815	42,942
Short-term investments	1,349	945	564	483	170	177	185	193	201	210	218	228	238	248	258
Accounts receivable, net	7,493	6,827	6,830	7,440	7,530	7,942	8,597	9,241	9,939	10,696	11,517	12,408	12,970	13,559	14,176
Inventories	4,421	4,489	5,138	5,538	6,178	5,385	5,829	6,266	6,739	7,252	7,809	8,414	8,795	9,194	9,612
Other current assets	1,973	1,639	1,881	1,894	1,699	1,772	1,847	1,926	2,008	2,094	2,183	2,277	2,374	2,475	2,581
Total current assets	24,303	28,175	25,372	24,982	23,502	21,450	23,682	26,139	30,145	34,741	40,774	47,490	53,901	61,291	69,569
Investments and long-term receivables	588	685	1,222	945	939	979	1,021	1,064	1,110	1,157	1,207	1,258	1,312	1,368	1,426
Net property, plant, and equipment	5,325	5,570	5,562	5,471	5,660	6,050	6,426	6,789	7,143	7,489	7,830	8,167	8,502	8,837	9,172
Right-of-use lease assets	673	773	947	881	1,004	1,073	1,140	1,204	1,267	1,328	1,389	1,449	1,508	1,568	1,627
Goodwill	15,563	16,058	17,756	17,497	18,049	21,270	21,270	21,270	21,270	21,270	21,270	21,270	21,270	21,270	21,270
Other intangible assets, net	3,734	3,560	3,613	3,222	3,231	2,944	2,682	2,425	2,178	1,929	1,680	1,431	1,182	933	684
Insurance recoveries for asbestos-related liabilities	392	366	322	224	170	139	113	93	76	62	51	41	34	28	23
Deferred income taxes	86	760	489	421	392	555	732	930	1,151	1,396	1,668	1,968	2,289	2,632	2,998
Other assets	8,015	8,639	9,187	8,632	8,578	8,944	9,326	9,724	10,140	10,573	11,024	11,495	11,986	12,497	13,031
Total Assets	58,679	64,586	64,470	62,275	61,525	63,405	66,392	69,638	74,479	79,946	86,893	94,570	101,984	110,423	119,799
Liabilities															
<i>Current liabilities:</i>															
Accounts payable	5,730	5,750	6,484	6,329	6,849	6,852	7,417	7,973	8,575	9,227	9,936	10,705	11,190	11,698	12,230
Commercial paper and other ST borrowings	3,516	3,597	3,542	2,717	2,085	3,196	3,373	3,422	3,472	3,750	4,247	4,495	4,638	4,827	5,076
Current maturities of LT debt	1,376	2,445	1,803	1,730	1,796	1,796	1,314	1,528	1,718	1,527	2,095	2,095	2,095	2,095	2,095
Current portion of operating lease liabilities	171	187	185	192	196	237	252	266	280	293	307	320	333	346	359
Accrued liabilities	7,305	7,218	7,494	8,970	7,613	8,495	9,196	9,885	10,631	11,441	12,319	13,273	13,874	14,504	15,164
Total current liabilities	18,098	19,197	19,508	19,938	18,539	20,576	21,552	23,073	24,676	26,239	28,903	30,887	32,130	33,471	34,924
Long term debt	11,110	16,342	14,254	15,123	16,562	16,155	17,392	17,590	18,463	19,179	19,662	20,510	21,070	21,740	22,385
Deferred income taxes	1,670	2,113	2,364	2,093	2,094	2,255	2,430	2,626	2,845	3,087	3,356	3,653	3,971	4,310	4,672
Postretirement benefit obligations	326	242	208	146	134	121	107	94	80	67	54	40	27	13	(0)
Asbestos-related liabilities	1,996	1,920	1,800	1,180	1,490	1,535	1,581	1,628	1,677	1,727	1,779	1,833	1,887	1,944	2,002
Non-current portion of operating lease liabilities	534	641	847	775	897	921	978	1,033	1,087	1,140	1,192	1,243	1,294	1,345	1,396
Other liabilities	6,232	6,334	6,240	5,694	5,368	5,597	5,836	6,085	6,345	6,616	6,899	7,193	7,500	7,821	8,155
Redeemable NCI	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Total Liabilities	39,973	46,796	45,228	44,956	45,091	47,166	49,883	52,137	55,181	58,063	61,852	65,367	67,887	70,651	73,541
Shareholders' Equity															
Common Equity	7,834	8,250	9,099	9,522	10,020	10,445	10,871	11,296	11,721	12,087	12,087	12,087	12,087	12,087	12,087
Common stock held in treasury, at cost	(23,836)	(27,229)	(30,462)	(34,443)	(38,008)	(41,890)	(45,772)	(49,653)	(53,535)	(57,417)	(61,299)	(65,181)	(69,062)	(72,944)	(76,826)
Accumulated other comprehensive income/loss	(3,197)	(3,377)	(2,895)	(3,475)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)	(4,135)
Retained earnings	37,693	39,905	42,827	45,093	47,979	51,183	54,854	59,255	64,464	70,507	77,472	85,440	94,139	103,613	113,890
Total Honeywell shareholders' equity	18,494	17,549	18,569	16,697	15,856	15,604	15,818	16,763	18,515	21,042	24,126	28,212	33,028	38,621	45,016
Noncontrolling interest	212	241	673	622	578	635	690	738	783	842	915	991	1,068	1,151	1,242
Total shareholders' equity	18,706	17,790	19,242	17,319	16,434	16,239	16,509	17,501	19,298	21,883	25,040	29,203	34,097	39,772	46,259
Total liabilities and shareholders' equity	58,679	64,586	64,470	62,275	61,525	63,405	66,392	69,638	74,479	79,946	86,893	94,570	101,984	110,423	119,799

Honeywell International Inc
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023
Cash flows from operating activities					
Net income	6,143	4,779	5,542	4,966	5,658
Depreciation	673	644	674	657	659
Amortization	415	358	549	547	517
Gain on sale of non-strategic businesses and assets	1	3	(102)	(22)	(5)
Repositioning and other charges	546	575	569	1,266	860
Net payments for repositioning and other charges	(376)	(833)	(692)	(512)	(459)
NARCO buyout payment	-	-	-	-	(1,325)
Pension and other postretirement income	(516)	(798)	(1,114)	(510)	(406)
Pension and other postretirement benefit payments	(78)	(47)	(43)	(23)	(38)
Stock compensation expense	153	168	217	188	202
Deferred income taxes	179	(175)	178	(180)	153
Reimbursement receivables charge		509			
Other net income adjustments	(287)	(338)	(28)	(358)	(837)
Accounts receivable	11	669	(8)	(739)	(42)
Inventories	(100)	(67)	(685)	(440)	(626)
Other current assets	(430)	191	(276)	232	17
Accounts payable	118	15	744	(155)	518
Accrued liabilities	445	555	513	357	494
Net cash provided by operating activities	6,897	6,208	6,038	5,274	5,340
Cash flows from investing activities					
Capital expenditures	(839)	(906)	(895)	(766)	(1,039)
Proceeds from disposals of PPE	43	57	27	29	43
Increase in investments	(4,253)	(3,236)	(2,373)	(1,211)	(560)
Decrease in investmets	4,464	3,508	2,525	1,255	971
Receipts from Garrett Motion Inc	-	-	586	409	-
Receipts (payments) from derivative contracts	102	(149)	192	369	6
Cash paid for acquisitions, net of cash acquired	(50)	(261)	(1,326)	(178)	(718)
Proceeds from sales of businesses, net of fees paid	-	-	203	-	4
Net cash used for investing activities	(533)	(987)	(1,061)	(93)	(1,293)
Cash flows from financing activities					
Proceeds from issuance of commercial paper and other	14,199	10,474	5,194	7,661	12,991
Payments of commercial paper and other STD	(14,199)	(10,400)	(5,190)	(8,447)	(13,663)
Proceeds from issuance of common stock	498	393	229	320	196
Proceeds from issuance of LTD	2,726	10,125	2,517	2,953	2,986
Payments of LTD	(2,903)	(4,308)	(4,917)	(1,850)	(1,731)
Repurchase of common stock	(4,400)	(3,714)	(3,380)	(4,200)	(3,715)
Cash dividends paid	(2,442)	(2,592)	(2,626)	(2,719)	(2,855)
Other	(79)	(59)	(81)	(48)	28
Net cash used for financing activities	(6,600)	(81)	(8,254)	(6,330)	(5,763)
Effects of forex rate changes on cash & cash equivalents	16	68	(39)	(183)	14
Net decrease in cash & cash equivalents	(220)	5,208	(3,316)	(1,332)	(1,702)
Cash & cash equivalents at beginning of period	9,287	9,067	14,275	10,959	9,627
Cash & cash equivalents at end of period	9,067	14,275	10,959	9,627	7,925

Honeywell International Inc
Forecasted Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Operating Activities										
Net Income	6,054.3	6,585.9	7,380.0	8,251.7	9,148.7	10,133.9	11,185.4	11,963.6	12,787.5	13,638.4
Depreciation	679.9	726.8	771.9	815.6	858.1	899.7	940.7	981.2	1,021.4	1,061.6
Accounts receivable, net	(411.8)	(655.3)	(644.0)	(697.8)	(756.6)	(821.0)	(891.4)	(562.5)	(588.9)	(616.5)
Inventories	792.9	(444.3)	(436.6)	(473.2)	(513.1)	(556.7)	(604.5)	(381.4)	(399.3)	(418.0)
Other current assets	(72.5)	(75.6)	(78.9)	(82.2)	(85.8)	(89.4)	(93.2)	(97.2)	(101.4)	(105.7)
Deferred income tax assets	(162.8)	(176.9)	(197.9)	(221.0)	(245.3)	(272.0)	(300.0)	(320.8)	(342.9)	(365.8)
Other assets	(366.3)	(381.9)	(398.2)	(415.2)	(433.0)	(451.5)	(470.7)	(490.8)	(511.8)	(533.6)
Accounts payable	2.6	565.4	555.6	602.0	652.8	708.3	769.1	485.3	508.0	531.9
Accrued liabilities	882.3	701.0	688.8	746.4	809.4	878.2	953.6	601.7	629.9	659.5
Deferred income tax liabilities	161.1	175.1	195.8	218.7	242.7	269.1	296.8	317.4	339.3	361.9
Other liabilities	229.2	239.0	249.2	259.8	270.9	282.5	294.6	307.2	320.3	333.9
Net Cash from Operating Activities	7,788.8	7,258.9	8,085.7	9,004.7	9,948.9	10,981.1	12,080.2	12,803.5	13,662.2	14,547.5
Investing Activities										
Capex	(1,070.2)	(1,102.3)	(1,135.3)	(1,169.4)	(1,204.5)	(1,240.6)	(1,277.8)	(1,316.2)	(1,355.7)	(1,396.3)
Short-term investments	(7.3)	(7.6)	(7.9)	(8.2)	(8.6)	(8.9)	(9.3)	(9.7)	(10.1)	(10.6)
Investments and long-term receivables	(40.1)	(41.8)	(43.6)	(45.5)	(47.4)	(49.4)	(51.5)	(53.7)	(56.0)	(58.4)
Right-of-use lease assets	(69.2)	(66.6)	(64.5)	(62.8)	(61.4)	(60.5)	(59.8)	(59.4)	(59.3)	(59.4)
Goodwill	(3,221.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets, net	287.0	262.0	257.0	247.0	249.0	249.0	249.0	249.0	249.0	249.0
Insurance recoveries for asbestos-relat	31.1	25.4	20.8	17.0	13.9	11.3	9.3	7.6	6.2	5.0
Asbestos-related liabilities	44.7	46.0	47.4	48.8	50.3	51.8	53.4	55.0	56.6	58.3
Net Cash from Investing Activities	(4,044.9)	(884.8)	(926.1)	(973.0)	(1,008.7)	(1,047.3)	(1,086.9)	(1,127.5)	(1,169.3)	(1,212.3)
Financing Activities										
Commercial paper and other ST borrow	1,111.0	176.5	49.3	49.9	278.5	496.4	248.2	143.0	189.5	248.3
Current maturities of LT debt	0.0	(482.0)	214.0	190.0	(191.0)	568.0	0.0	0.0	0.0	0.0
Current portion of operating lease liabi	41.1	14.7	14.2	13.9	13.6	13.4	13.2	13.1	13.1	13.1
Long term debt	(407.3)	1,237.4	197.8	873.6	715.4	483.3	847.8	560.3	669.9	645.2
Postretirement benefit obligations	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)
Noncurrent portion operating leases	23.9	57.1	55.3	53.9	52.7	51.9	51.3	51.0	50.9	51.0
Common equity	425.4	425.4	425.4	425.4	365.8	0.0	0.0	0.0	0.0	0.0
Common stock held in treasury, at cost	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)	(3,881.8)
Dividends paid	(2,850.0)	(2,914.8)	(2,979.0)	(3,042.8)	(3,106.5)	(3,168.3)	(3,217.1)	(3,265.4)	(3,313.3)	(3,361.1)
NCI	56.8	55.5	48.2	44.5	58.8	73.2	76.0	77.4	82.6	91.1
Net Cash from Financing Activities	(5,494.5)	(5,325.4)	(5,869.9)	(5,286.9)	(5,707.8)	(5,377.3)	(5,875.7)	(6,315.8)	(6,202.5)	(6,207.7)
Net Cash	(1,750.7)	1,048.8	1,289.6	2,744.7	3,232.4	4,556.6	5,117.6	5,360.2	6,290.3	7,127.5
Beginning Cash	7,925.0	6,174.3	7,223.1	8,512.7	11,257.5	14,489.9	19,046.4	24,164.0	29,524.3	35,814.6
Ending Cash	6,174.3	7,223.1	8,512.7	11,257.5	14,489.9	19,046.4	24,164.0	29,524.3	35,814.6	42,942.1

Honeywell International Inc
Common Size Income Statement

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Product sales	75.26%	75.79%	74.56%	73.20%	70.30%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Service sales	24.74%	24.21%	25.44%	26.80%	29.70%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of products sold	60.17%	61.86%	61.85%	60.67%	61.31%	61.17%	61.17%	61.17%	61.17%	61.17%	61.17%	61.17%	61.17%	61.17%	61.17%
Cost of services sold	55.84%	57.35%	56.91%	56.72%	55.27%	56.42%	56.42%	56.42%	56.42%	56.42%	56.42%	56.42%	56.42%	56.42%	56.42%
Total cost of products and services sold	59.10%	60.77%	60.59%	59.61%	59.51%	59.92%	59.92%	59.92%	59.92%	59.92%	59.92%	59.92%	59.92%	59.92%	59.92%
Depreciation	1.83%	1.97%	1.96%	1.85%	1.80%	1.76%	1.74%	1.72%	1.69%	1.65%	1.60%	1.56%	1.55%	1.55%	1.54%
Amortization	1.13%	1.10%	1.60%	1.54%	1.41%	1.17%	0.99%	0.84%	0.70%	0.59%	0.48%	0.39%	0.32%	0.25%	0.19%
Research and development expenses	4.24%	4.09%	3.88%	4.17%	3.97%	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%
SG&A expenses	15.03%	14.62%	13.95%	14.70%	13.98%	13.56%	13.16%	12.76%	12.38%	12.01%	11.65%	11.30%	10.96%	10.63%	10.31%
Other (income) expense	-2.90%	-2.07%	-4.01%	-1.03%	-2.29%	-2.64%	-2.86%	-3.06%	-3.22%	-3.34%	-3.42%	-3.47%	-3.60%	-3.72%	-3.82%
Interest and other financial charges	0.97%	1.10%	1.00%	1.17%	2.09%	2.63%	2.51%	2.44%	2.32%	2.26%	2.17%	2.14%	2.13%	2.09%	2.06%
Total costs, expenses, and other	79.41%	81.58%	78.96%	82.01%	80.47%	79.42%	79.34%	78.51%	77.68%	76.98%	76.30%	75.73%	75.18%	74.62%	74.10%
Income before taxes	20.59%	18.42%	21.04%	17.99%	19.53%	20.58%	20.66%	21.49%	22.32%	23.02%	23.70%	24.27%	24.82%	25.38%	25.90%
Tax expense	3.62%	3.51%	4.72%	3.98%	4.06%	4.77%	4.79%	4.98%	5.17%	5.34%	5.49%	5.63%	5.75%	5.88%	6.00%
Net income	16.97%	14.91%	16.31%	14.00%	15.47%	15.81%	15.87%	16.51%	17.15%	17.68%	18.21%	18.64%	19.07%	19.50%	19.89%
Net income attributable to NCI	0.24%	0.26%	0.20%	0.00%	0.04%	0.15%	0.13%	0.11%	0.09%	0.11%	0.13%	0.13%	0.12%	0.13%	0.13%
Net income attributable to Honeywell	16.73%	14.64%	16.11%	14.00%	15.43%	15.66%	15.74%	16.40%	17.05%	17.57%	18.08%	18.52%	18.95%	19.37%	19.76%

Honeywell International Inc
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets															
<i>Current Assets:</i>															
Cash and cash equivalents	24.70%	43.74%	31.86%	27.14%	21.62%	15.97%	17.26%	18.92%	23.27%	27.83%	33.97%	40.00%	46.76%	54.26%	62.22%
Short-term investments	3.67%	2.90%	1.64%	1.36%	0.46%	0.46%	0.44%	0.43%	0.42%	0.40%	0.39%	0.38%	0.38%	0.38%	0.37%
Accounts receivable, net	20.41%	20.92%	19.86%	20.98%	20.54%	20.54%	20.54%	20.54%	20.54%	20.54%	20.54%	20.54%	20.54%	20.54%	20.54%
Inventories	16.00%	18.15%	20.04%	21.33%	23.97%	19.90%	19.90%	19.90%	19.90%	19.90%	19.90%	19.90%	19.90%	19.90%	19.90%
Other current assets	5.37%	5.02%	5.47%	5.34%	4.63%	4.58%	4.41%	4.28%	4.15%	4.02%	3.89%	3.77%	3.76%	3.75%	3.74%
Total current assets	66.20%	86.33%	73.77%	70.44%	64.10%	55.48%	56.58%	58.10%	62.30%	66.72%	72.73%	78.62%	85.36%	92.85%	100.81%
Investments and long-term receivables	1.60%	2.10%	3.55%	2.66%	2.56%	2.53%	2.44%	2.37%	2.29%	2.22%	2.15%	2.08%	2.08%	2.07%	2.07%
Net property, plant, and equipment	14.51%	17.07%	16.17%	15.43%	15.44%	15.65%	15.35%	15.09%	14.76%	14.38%	13.97%	13.52%	13.47%	13.39%	13.29%
Right-of-use lease assets	1.83%	2.37%	2.75%	2.48%	2.74%	2.78%	2.72%	2.68%	2.62%	2.55%	2.48%	2.40%	2.39%	2.37%	2.36%
Goodwill	42.40%	49.20%	51.63%	49.33%	49.23%	55.01%	50.82%	47.28%	43.96%	40.85%	37.94%	35.21%	33.69%	32.22%	30.82%
Other intangible assets, net	10.17%	10.91%	10.51%	9.08%	8.81%	7.61%	6.41%	5.39%	4.50%	3.70%	3.00%	2.37%	1.87%	1.41%	0.99%
Insurance recoveries for asbestos-related liabilities	1.07%	1.12%	0.94%	0.63%	0.46%	0.36%	0.27%	0.21%	0.16%	0.12%	0.09%	0.07%	0.05%	0.04%	0.03%
Deferred income taxes	0.23%	2.33%	1.42%	1.19%	1.07%	1.44%	1.75%	2.07%	2.38%	2.68%	2.98%	3.26%	3.62%	3.99%	4.34%
Other assets	21.83%	26.47%	26.71%	24.34%	23.40%	23.13%	22.28%	21.62%	20.96%	20.31%	19.66%	19.03%	18.98%	18.93%	18.88%
Total Assets	159.85%	197.89%	187.46%	175.59%	167.82%	163.99%	158.63%	154.79%	153.93%	153.54%	154.98%	156.56%	161.51%	167.28%	173.59%
Liabilities															
<i>Current liabilities:</i>															
Accounts payable	15.61%	17.62%	18.85%	17.85%	18.68%	17.72%	17.72%	17.72%	17.72%	17.72%	17.72%	17.72%	17.72%	17.72%	17.72%
Commercial paper and other ST borrowings	9.58%	11.02%	10.30%	7.66%	5.69%	8.27%	8.06%	7.61%	7.18%	7.20%	7.57%	7.44%	7.34%	7.31%	7.35%
Current maturities of LT debt	3.75%	7.49%	5.24%	4.88%	4.90%	4.65%	3.14%	3.40%	3.55%	2.93%	3.74%	3.47%	3.32%	3.17%	3.04%
Current portion of operating lease liabilities	0.47%	0.57%	0.54%	0.54%	0.53%	0.61%	0.60%	0.59%	0.58%	0.56%	0.55%	0.53%	0.53%	0.52%	0.52%
Accrued liabilities	19.90%	22.12%	21.79%	25.29%	20.77%	21.97%	21.97%	21.97%	21.97%	21.97%	21.97%	21.97%	21.97%	21.97%	21.97%
Total current liabilities	49.30%	58.82%	56.72%	56.22%	50.57%	53.22%	51.49%	51.29%	51.00%	50.39%	51.55%	51.13%	50.88%	50.71%	50.61%
Long term debt	30.27%	50.07%	41.45%	42.64%	45.17%	41.78%	41.55%	39.10%	38.16%	36.83%	35.07%	33.95%	33.37%	32.93%	32.44%
Deferred income taxes	4.55%	6.47%	6.87%	5.90%	5.71%	5.83%	5.81%	5.84%	5.88%	5.93%	5.99%	6.05%	6.29%	6.53%	6.77%
Postretirement benefit obligations	0.89%	0.74%	0.60%	0.41%	0.37%	0.31%	0.26%	0.21%	0.17%	0.13%	0.10%	0.07%	0.04%	0.02%	0.00%
Asbestos-related liabilities	5.44%	5.88%	5.23%	3.33%	4.06%	3.97%	3.78%	3.62%	3.47%	3.32%	3.17%	3.03%	2.99%	2.95%	2.90%
Non-current portion of operating lease liabilities	1.45%	1.96%	2.46%	2.19%	2.45%	2.38%	2.34%	2.30%	2.25%	2.19%	2.13%	2.06%	2.05%	2.04%	2.02%
Other liabilities	16.98%	19.41%	18.14%	16.05%	14.64%	14.48%	13.94%	13.53%	13.11%	12.71%	12.30%	11.91%	11.88%	11.85%	11.82%
Redeemable NCI	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Liabilities	108.89%	143.38%	131.51%	126.76%	122.99%	121.99%	119.19%	115.89%	114.04%	111.51%	110.32%	108.21%	107.51%	107.03%	106.56%
Shareholders' Equity															
Common Equity	21.34%	25.28%	26.46%	26.85%	27.33%	27.02%	25.97%	25.11%	24.23%	23.21%	21.56%	20.01%	19.14%	18.31%	17.51%
Common stock held in treasury, at cost	-64.93%	-83.43%	-88.57%	-97.12%	-103.67%	-108.35%	-109.36%	-110.37%	-110.64%	-110.27%	-109.33%	-107.91%	-109.37%	-110.50%	-111.32%
Accumulated other comprehensive income/loss	-8.71%	-10.35%	-8.42%	-9.80%	-11.28%	-10.69%	-9.88%	-9.19%	-8.55%	-7.94%	-7.38%	-6.85%	-6.55%	-6.26%	-5.99%
Retained earnings	102.68%	122.27%	124.53%	127.14%	130.87%	132.38%	131.06%	131.71%	133.23%	135.41%	138.18%	141.44%	149.09%	156.96%	165.03%
Total Honeywell shareholders' equity	50.38%	53.77%	53.99%	47.08%	43.25%	40.36%	37.80%	37.26%	38.27%	40.41%	43.03%	46.70%	52.31%	58.51%	65.23%
Noncontrolling interest	0.58%	0.74%	1.96%	1.75%	1.58%	1.64%	1.65%	1.64%	1.62%	1.62%	1.63%	1.64%	1.69%	1.74%	1.80%
Total shareholders' equity	50.96%	54.51%	55.95%	48.83%	44.83%	42.00%	39.44%	38.90%	39.88%	42.03%	44.66%	48.34%	54.00%	60.25%	67.03%
Total liabilities and shareholders' equity	159.85%	197.89%	187.46%	175.59%	167.82%	163.99%	158.63%	154.79%	153.93%	153.54%	154.98%	156.56%	161.51%	167.28%	173.59%

Honeywell International Inc
Value Driver Estimation

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:															
Revenues	36,709	32,637	34,392	35,466	36,662	38,663	41,853	44,988	48,385	52,069	56,066	60,405	63,144	66,011	69,012
Less: Cost of products sold	(16,625)	(15,302)	(15,859)	(15,751)	(15,801)	(16,216)	(17,922)	(19,264)	(20,719)	(22,296)	(24,007)	(25,866)	(27,038)	(28,266)	(29,551)
Less: Cost of services sold	(5,070)	(4,531)	(4,979)	(5,392)	(6,018)	(6,544)	(7,084)	(7,614)	(8,189)	(8,813)	(9,489)	(10,224)	(10,687)	(11,173)	(11,681)
Less: Depreciation	(673)	(644)	(674)	(657)	(659)	(680)	(727)	(772)	(816)	(858)	(900)	(941)	(981)	(1,021)	(1,062)
Less: Amortization	(415)	(358)	(549)	(547)	(517)	(454)	(414)	(377)	(341)	(306)	(271)	(236)	(201)	(166)	(131)
Less: R&D expenses	(1,556)	(1,334)	(1,333)	(1,478)	(1,456)	(1,573)	(1,703)	(1,830)	(1,968)	(2,118)	(2,281)	(2,457)	(2,569)	(2,685)	(2,808)
Less: SG&A expenses	(5,519)	(4,772)	(4,798)	(5,214)	(5,127)	(5,245)	(5,507)	(5,742)	(5,990)	(6,253)	(6,531)	(6,825)	(6,921)	(7,018)	(7,117)
Add: Implied interest on operating leases	35.0	41.2	51.3	48.1	54.3	57.5	61.1	64.6	67.9	71.2	74.5	77.7	80.9	84.1	87.2
EBITA	6,886.0	5,737.2	6,251.3	6,475.1	7,138.3	8,009.2	8,558.8	9,453.4	10,430.2	11,496.0	12,660.9	13,934.1	14,827.3	15,765.4	16,750.6
Less: Adjusted Taxes															
Income tax provision	1,329	1,147	1,625	1,412	1,487	1,844	2,004	2,241	2,503	2,778	3,080	3,398	3,633	3,884	4,143
Add: Tax shield on operating lease interest	8.1	9.5	11.9	11.1	12.6	13.3	14.2	15.0	15.7	16.5	17.3	18.0	18.7	19.5	20.2
Add: Tax shield on other (income) expense	(246.9)	(156.5)	(319.4)	(84.8)	(194.7)	(236.3)	(277.9)	(319.4)	(361.0)	(402.6)	(444.1)	(485.7)	(527.3)	(568.9)	(610.4)
Add: Tax shield on interest and other charges	82.8	83.2	79.5	96.0	177.3	235.5	243.6	254.4	259.7	272.5	281.7	299.6	312.2	320.3	330.2
Total Adjusted Taxes	1,173.0	1,083.3	1,397.0	1,434.3	1,482.2	1,856.5	1,983.9	2,191.3	2,417.7	2,664.8	2,934.8	3,229.9	3,437.0	3,654.4	3,882.8
Change in deferred taxes	253	(231)	521	(202)	30	-	-	-	-	-	-	-	-	-	-
NOPLAT	5,966.0	4,422.9	5,375.3	4,838.8	5,686.1	6,152.7	6,574.8	7,262.1	8,012.5	8,831.2	9,726.1	10,704.2	11,390.3	12,111.0	12,867.8
Invested Capital (IC):															
Normal cash	7,935.2	7,054.9	7,434.3	7,666.5	7,925.0	8,357.5	9,047.2	9,724.8	10,459.1	11,255.4	12,119.4	13,057.5	13,649.4	14,269.1	14,917.9
Add: Accounts receivable, net	7,493	6,827	6,830	7,440	7,530	7,942	8,597	9,241	9,939	10,696	11,517	12,408	12,970	13,559	14,176
Add: Inventories	4,421	4,489	5,138	5,538	6,178	5,385	5,829	6,266	6,739	7,252	7,809	8,414	8,795	9,194	9,612
Add: Other current assets	1,973	1,639	1,881	1,894	1,699	1,772	1,847	1,926	2,008	2,094	2,183	2,277	2,374	2,475	2,581
Less: Accounts payable	(5,730)	(5,750)	(6,484)	(6,329)	(6,849)	(6,852)	(7,417)	(7,973)	(8,575)	(9,227)	(9,936)	(10,705)	(11,190)	(11,698)	(12,230)
Less: Accrued liabilities	(7,305)	(7,218)	(7,494)	(8,970)	(7,613)	(8,495)	(9,196)	(9,885)	(10,631)	(11,441)	(12,319)	(13,273)	(13,874)	(14,504)	(15,164)
Net Operating Working Capital	8,787.2	7,041.9	7,305.3	7,239.5	8,870.0	8,109.2	8,707.7	9,300.5	9,939.6	10,629.2	11,373.7	12,178.3	12,724.4	13,295.7	13,893.4
Add: NetPPE	5,325	5,570	5,562	5,471	5,660	6,050	6,426	6,789	7,143	7,489	7,830	8,167	8,502	8,837	9,172
Add: PV of operating leases	673	773	947	881	1,004	1,073	1,140	1,204	1,267	1,328	1,389	1,449	1,508	1,568	1,627
Add: Other intangible assets, net	3,734	3,560	3,613	3,222	3,231	2,944	2,682	2,425	2,178	1,929	1,680	1,431	1,182	933	684
Add: Other assets	8,015	8,639	9,187	8,632	8,578	8,944	9,326	9,724	10,140	10,573	11,024	11,495	11,986	12,497	13,031
Less: Other liabilities	(6,232)	(6,334)	(6,240)	(5,694)	(5,368)	(5,597)	(5,836)	(6,085)	(6,345)	(6,616)	(6,899)	(7,193)	(7,500)	(7,821)	(8,155)
IC	20,302.2	19,249.9	20,374.3	19,751.5	21,975.0	21,523.7	22,445.2	23,357.9	24,322.0	25,332.4	26,398.3	27,527.1	28,402.3	29,309.6	30,252.2

Honeywell International Inc

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.26%
Beta	0.89
Equity Risk Premium	5.00%
Cost of Equity	8.71%

ASSUMPTIONS:

10-year Treasury bond as of 11/20/24

5-year weekly beta as of 11/20/24

Henry Fund consensus

Cost of Debt:

Risk-Free Rate	4.26%
Implied Default Premium	0.71%
Pre-Tax Cost of Debt	4.97%
Marginal Tax Rate	23.18%
After-Tax Cost of Debt	3.82%

YTM on a 10-year HON corporate bond due 1/15/2034

Market Value of Common Equity:

Total Shares Outstanding	652.18
Current Stock Price	\$226.67
MV of Equity	147,829.64

MV Weights

86.89%

Market Value of Debt:

Short-Term Debt	4,992
Long-Term Debt	16,155
PV of Operating Leases	1,158
MV of Total Debt	22,304.58

13.11%

Market Value of the Firm

170,134.22

100.00%

Estimated WACC

8.07%

Honeywell International Inc

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	43.90%
WACC	8.07%
Cost of Equity	8.71%

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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DCF Model:

Free Cash Flow (FCF)	6,604.0	5,653.3	6,349.5	7,048.4	7,820.8	8,660.2	9,575.4	10,515.1	11,203.7	11,925.3
Continuing Value (CV)										217,917.1
PV of FCF	6,110.9	4,840.6	5,030.8	5,167.6	5,305.8	5,436.6	5,562.4	5,652.2	5,572.7	108,391.1

Value of Operating Assets:	157,070.7
Non-Operating Adjustments	
Add: Excess cash	-
Add: Investments and LT receivables	979.1
Add: Other assets	8,944.3
Add: Recoveries from asbestos liabilities	138.9
Less: PV operating leases	(1,157.9)
Less: Postretirement obligations	(120.6)
Less: ESOPs	(1,113.1)
Less: ST debt	(4,992.0)
Less: LT debt	(16,154.7)
Less: NCI	(634.8)
Value of Equity	142,960.0
Shares Outstanding	637.8
Intrinsic Value of Last FYE	224.1
Implied Price as of Today	\$ 237.29

EP Model:

Economic Profit (EP)	4,379.6	4,838.2	5,451.1	6,127.8	6,868.8	7,682.1	8,574.2	9,169.3	9,819.3	10,502.9
Continuing Value (CV)										188,607.4
PV of EP	4,052.6	4,142.7	4,319.0	4,492.7	4,659.9	4,822.6	4,980.8	4,928.8	4,884.1	93,812.6

Total PV of EP	135,095.7
Invested Capital (last FYE)	21,975.0
Value of Operating Assets:	157,070.7
Non-Operating Adjustments	
Add: Excess cash	-
Add: Investments and LT receivables	979.1
Add: Other assets	8,944.3
Add: Recoveries from asbestos liabilities	138.9
Less: PV operating leases	(1,157.9)
Less: Postretirement obligations	(120.6)
Less: ESOPs	(1,113.1)
Less: ST debt	(4,992.0)
Less: LT debt	(16,154.7)
Less: NCI	(634.8)
Value of Equity	142,960.0
Shares Outstanding	637.8
Intrinsic Value of Last FYE	224.1
Implied Price as of Today	\$ 237.29

Honeywell International Inc

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

<i>Fiscal Years Ending</i>	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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EPS	\$	9.39	\$	10.43	\$	11.93	\$	13.60	\$	14.36	\$	15.36	\$	16.56	\$	17.35	\$	18.26	\$	19.26
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	34.29%
Cost of Equity	8.71%

Future Cash Flows

P/E Multiple (CV Year)														14.93					
EPS (CV Year)														\$ 19.26					
Future Stock Price														\$ 287.52					
Dividends Per Share	\$	4.37	\$	4.57	\$	4.77	\$	4.97	\$	5.17	\$	5.37	\$	5.57	\$	5.77	\$	5.97	
Discounted Cash Flows	\$	4.19	\$	4.20	\$	4.21	\$	4.21	\$	4.20	\$	4.18	\$	4.16	\$	4.13	\$	4.10	\$ 197.52

Intrinsic Value as of Last FYE	\$ 235.10
Implied Price as of Today	\$ 248.89

Honeywell International Inc

Relative Valuation Models

Ticker	Company	Price	EPS 2024E	EPS 2025E	P/E 24	P/E 25	EV 2024E	EBITDA 2024E	Multiples 2024E	P/S 2024E
GE	GE Aerospace	\$184.81	\$4.82	\$5.56	38.34	33.24	208,435.19	8,247.52	25.27	5.70
RTX	RTX Corporation	\$123.55	\$3.53	\$4.97	35.00	24.86	205,211.23	12,305.81	16.68	2.10
MMM	3M Company	\$134.34	\$7.59	\$7.97	17.70	16.86	81,075.40	6,611.91	12.26	3.10
EMR	Emerson Electric Co	\$127.26	\$4.38	\$5.07	29.05	25.10	83,019.24	5,050.44	16.44	4.00
ITW	Illinois Tool Works Inc	\$271.95	\$11.35	\$10.71	23.96	25.39	88,753.84	4,661.02	19.04	5.00
ROK	Rockwell Automation	\$272.14	\$9.02	\$10.57	30.17	25.75	34,861.03	1,697.46	20.54	3.70
CARR	Carrier Global Corp	\$76.68	\$3.08	\$2.76	24.90	27.78	79,951.08	4,387.67	18.22	3.00
Average					28.45	25.57			18.35	3.80

HON	Honeywell International	\$226.67	\$9.39	\$10.43	24.1	21.7	165,714.20	9,088.87	18.23	60.62
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Implied Relative Value:

P/E (EPS24)	\$	267.01
P/E (EPS25)	\$	266.79
EV/EBITDA 2024	\$	236.34
P/S 2024	\$	230.35

Honeywell International Inc
Key Management Ratios

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:															
Current Ratio (Current Assets/Current Liabilities)	1.34	1.47	1.30	1.25	1.27	1.04	1.10	1.13	1.22	1.32	1.41	1.54	1.68	1.83	1.99
Quick Ratio ((Current Assets-Inventories)/Current Liabilities)	1.10	1.23	1.04	0.98	0.93	0.78	0.83	0.86	0.95	1.05	1.14	1.27	1.40	1.56	1.72
Cash Ratio (Cash & Cash Equivalents/Current Liabilities)	0.50	0.74	0.56	0.48	0.43	0.30	0.34	0.37	0.46	0.55	0.66	0.78	0.92	1.07	1.23
Asset-Management Ratios:															
Total Asset Turnover (Sales/Avg Total Assets)		0.53	0.53	0.56	0.59	0.62	0.64	0.66	0.67	0.67	0.67	0.67	0.64	0.62	0.60
Inventory Turnover (COGS/Avg Inventory)		4.45	4.33	3.96	3.72	3.94	4.46	4.44	4.45	4.45	4.45	4.45	4.38	4.38	4.38
Payables Turnover (COGS/Avg Accounts Payable)		3.46	3.41	3.30	3.31	3.32	3.50	3.49	3.49	3.49	3.50	3.50	3.45	3.45	3.45
Financial Leverage Ratios:															
Debt-to-Assets (Total Debt/Total Assets)	0.27	0.35	0.30	0.31	0.33	0.33	0.33	0.32	0.32	0.31	0.30	0.29	0.27	0.26	0.25
Debt-to-Equity (Total Debt/Total Equity)	0.86	1.26	1.02	1.13	1.24	1.30	1.34	1.29	1.23	1.12	1.04	0.93	0.82	0.72	0.64
Capitalization Ratio (Total Debt/(TotalDebt + Total Equity))	0.46	0.56	0.50	0.53	0.55	0.57	0.57	0.56	0.55	0.53	0.51	0.48	0.45	0.42	0.39
Profitability Ratios:															
Return on Equity (NI/Beg TSE)		25.55%	31.15%	25.81%	32.67%	36.84%	40.56%	44.70%	47.15%	47.41%	46.31%	44.67%	40.97%	37.50%	34.29%
Return on Assets (NI/Total Assets)	10.47%	7.40%	8.60%	7.97%	9.20%	9.55%	9.92%	10.60%	11.08%	11.44%	11.66%	11.83%	11.73%	11.58%	11.38%
Margins															
Gross Margin (Gross Profit/Sales)	40.90%	39.23%	39.41%	40.39%	40.49%	41.13%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%
Operating Margin (EBIT/Sales)	20.59%	18.42%	21.04%	17.99%	19.53%	20.58%	20.66%	21.49%	22.32%	23.02%	23.70%	24.27%	24.82%	25.38%	25.90%
Net Margin (NI/Sales)	16.73%	14.64%	16.11%	14.00%	15.43%	15.66%	15.74%	16.40%	17.05%	17.57%	18.08%	18.52%	18.95%	19.37%	19.76%
Payout Policy Ratios:															
Dividend Payout Ratio (Dividend/EPS)	39.44%	53.46%	47.07%	54.16%	48.89%	46.56%	43.80%	39.97%	36.53%	35.99%	34.96%	33.63%	33.26%	32.70%	32.04%
Total Payout Ratio ((Divs. + Repurchases)/NI)	111.38%	131.95%	108.37%	139.33%	116.12%	111.19%	103.20%	92.96%	83.92%	76.39%	69.57%	63.47%	59.74%	56.27%	53.11%

Honeywell International Inc

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	13.44
Average Time to Maturity (years):	4.86
Expected Annual Number of Options Exercised:	2.76

Current Average Strike Price:	\$ 153.86
Cost of Equity:	8.71%
Current Stock Price:	\$226.67

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	2.76	2.76	2.76	2.76	2.38	0.00	0.00	0.00	0.00	0.00
Average Strike Price:	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86	\$ 153.86
Increase in Common Stock Account:	425.36	425.36	425.36	425.36	365.81	-	-	-	-	-
Share Repurchases (\$)	3,882	3,882	3,882	3,882	3,882	3,882	3,882	3,882	3,882	3,882
Expected Price of Repurchased Shares:	\$ 226.67	\$ 241.70	\$ 257.72	\$ 274.81	\$ 293.03	\$ 312.46	\$ 333.17	\$ 355.26	\$ 378.82	\$ 403.93
Number of Shares Repurchased:	17	16	15	14	13	12	12	11	10	10
Shares Outstanding (beginning of the year)	652.18	638	625	612	601	590	578	566	555	545
Plus: Shares Issued Through ESOP	2.8	3	3	3	2	0	0	0	0	0
Less: Shares Repurchased in Treasury	17	16	15	14	13	12	12	11	10	10
Shares Outstanding (end of the year)	637.82	624.52	612.23	600.87	590.00	577.57	565.92	554.99	544.75	535.14

Honeywell International Inc*Valuation of Options Granted under ESOP*

Current Stock Price	\$226.67
Risk Free Rate	4.26%
Current Dividend Yield	2.08%
Annualized St. Dev. of Stock Returns	17.75%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	13.44	153.86	4.86	\$ 82.85 \$	1,113.13

Total	13.44	\$ 153.86	4.86	\$ 103.06	\$ 1,113.13
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Honeywell International Inc
Sensitivity Tables

Pre-tax Cost of Debt	Cost of Equity							
	237.29	5.71%	6.71%	7.71%	8.71%	9.71%	10.71%	11.71%
	3.47%	504.70	376.95	298.15	244.73	206.18	177.05	154.29
	3.97%	495.23	371.42	294.54	242.21	204.31	175.62	153.16
	4.47%	486.08	366.04	291.02	239.72	202.47	174.21	152.04
	4.97%	477.25	360.81	287.57	237.29	200.66	172.82	150.94
	5.47%	468.71	355.71	284.19	234.89	198.88	171.45	149.86
	5.97%	460.46	350.75	280.89	232.55	197.13	170.09	148.78
	6.47%	452.48	345.91	277.66	230.24	195.41	168.76	147.72

Tax Rate	Equity Risk Premium							
	237.29	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%
	20.18%	279.82	268.12	257.26	247.16	237.74	228.93	220.68
	21.18%	276.19	264.61	253.87	243.88	234.56	225.85	217.69
	22.18%	272.55	261.09	250.47	240.59	231.37	222.76	214.69
	23.18%	268.89	257.57	247.06	237.29	228.17	219.66	211.68
	24.18%	265.23	254.03	243.64	233.98	224.97	216.55	208.67
	25.18%	261.55	250.48	240.21	230.66	221.76	213.44	205.65
	26.18%	257.87	246.92	236.77	227.34	218.54	210.32	202.62

CV Growth of NOPLAT								
ROI	237.29	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
	2.77%	219.77	225.46	231.63	238.37	245.73	253.82	262.75
	3.27%	219.46	225.14	231.30	238.02	245.37	253.44	262.36
	3.77%	219.14	224.81	230.96	237.66	245.00	253.05	261.95
	4.27%	218.80	224.46	230.60	237.29	244.61	252.65	261.52
	4.77%	218.45	224.09	230.22	236.90	244.20	252.22	261.08
	5.27%	218.09	223.72	229.83	236.49	243.77	251.78	260.61
	5.77%	217.71	223.32	229.42	236.06	243.33	251.32	260.13

Beta	Normal Cash%							
	237.29	18.62%	19.62%	20.62%	21.62%	22.62%	23.62%	24.62%
	0.59	322.53	321.83	321.14	320.44	319.74	319.04	318.34
	0.69	289.52	288.87	288.21	287.57	286.91	286.26	285.61
	0.79	262.12	261.50	260.89	260.29	259.67	259.06	258.45
	0.89	239.01	238.44	237.86	237.29	236.71	236.13	235.56
	0.99	219.28	218.73	218.18	217.64	217.09	216.54	216.00
	1.09	202.22	201.70	201.18	200.66	200.14	199.62	199.10
	1.19	187.34	186.85	186.35	185.85	185.35	184.85	184.36

WACC	R&D % Sales							
	237.29	1.07%	2.07%	3.07%	4.07%	5.07%	6.07%	7.07%
	5.07%	651.73	625.17	598.61	572.11	545.49	518.93	492.37
	6.07%	454.10	435.19	416.28	397.42	378.47	359.57	340.66
	7.07%	343.40	328.79	314.18	299.60	284.96	270.35	255.73
	8.07%	272.87	261.00	249.13	237.29	225.40	213.53	201.66
	9.07%	223.95	213.98	204.02	194.08	184.10	174.13	164.17
	10.07%	188.22	179.65	171.08	162.53	153.95	145.38	136.82
	11.07%	161.00	153.50	146.00	138.51	131.00	123.50	115.99

Depreciation	% growth CapEx Assumption							
	237.29	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
	9.01%	238.66	238.37	238.08	237.78	237.48	237.18	236.87
	10.01%	238.47	238.17	237.87	237.57	237.26	236.95	236.63
	11.01%	238.33	238.02	237.72	237.40	237.09	236.77	236.44
	12.01%	238.23	237.92	237.61	237.29	236.96	236.64	236.30
	13.01%	238.17	237.86	237.53	237.21	236.88	236.54	236.20
	14.01%	238.15	237.82	237.50	237.16	236.83	236.49	236.14
	15.01%	238.15	237.82	237.49	237.15	236.81	236.46	236.11