



CAPTRUST

February 17, 2023

Company	Ticker	Sector	Industry
Honeywell International Inc.	HON-US	Industrials	Industrial Conglomerates

Business Description

Honeywell International, Inc. is a software-based multi-industrial company, which offers a wide range of products, services, and solutions to the aerospace, automotive, oil and gas, life sciences, warehouse automation, construction, and industrial manufacturing industries. It specializes in turbochargers; control, sensing, and security technologies for buildings and homes; specialty chemicals; electronic and advanced materials; process technology for refining and petrochemicals; and energy efficient products and solutions for homes, business, and transportation. It operates through the following segments: Aerospace; Home and Building Technologies; Performance Materials and Technologies; and Safety and Productivity Solutions. Honeywell boasts one of the largest installed bases of equipment and has leveraged that base to grow its software solutions. In 2019, Honeywell launched Forge, its enterprise performance management software solution that leverages the firm's domain expertise in buildings, airlines, and critical infrastructure. The company was founded by Albert M. Butz in 1906 and is headquartered in Charlotte, NC.

Price Chart

Key Info & Metrics



Empirical Research Rank:	3
Date Purchased:	02/15/2023
Price:	\$199.36
52-Week Range:	\$166.97 - \$220.05
Dividend Yield:	1.99%
Market Cap (\$M):	\$133,200
Forward Price-to-Earnings:	22

Total Return

Year-to-Date:	-7.0%
1 Year:	7.6%
3 Year:	17.1%
5 Year:	49.5%

Investment Case - Updated: February 15, 2023

Honeywell, traditionally known for its aerospace and oil and gas prowess, has transformed into a software industrial. By layering software onto existing product offerings, Honeywell has created a more connected and efficient operation. Management has pivoted to higher-margin revenue streams through product innovation and breakthrough initiatives such as quantum computing, unmanned aerial vehicles, and grid-scale energy storage. Along with the software component, Honeywell has implemented internal changes such as digitalization, portfolio optimization, and a supply chain overhaul that have improved profitability. Honeywell remains a best-in-class operator with ample balance sheet capacity for M&A opportunities or to increase shareholder returns via stock buybacks. Despite facing recent headwinds from supply chain constraints and inflation, Honeywell has continued to generate organic sales growth and margin expansion. With its order backlog at a record level, this provides support for sales growth in the coming years. Honeywell's legacy asbestos liabilities have weighed on its balance sheet since 2002. The company recently took actions to address these liabilities, which will provide investors with improved visibility on this issue.

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