

Aerospace (33% of '22 sales) is a supplier of products, software, and services to OEMs; Building Tech. (17%) provides products and software to ensure facility safety, effeciency, and production; Performance Mats. (30%) deals in process tech. and automated solu-

total. Has 97,000 emplys. Offs. & dirs. own less than 1% of common; Vanguard, 9.2%; BlackRock, 6.2% (4/23 Proxy). CEO: Vimal Kapur. Inc.: DE. Addr.: 300 South Tryon Street, Charlotte, NC 28202. Tel.: 973-455-2000. Internet: www.honeywell.com.

ANNUAL RATES Past Past Est'd '20-'22 of change (per sh) 5 Yrs. Sales 1.0% 7.0% .5% 6.0% 'Cash Flow" 4.0% 10.0% 4.0% 9.0% 1.5% Earnings 8.0% 11 0% 10.5% 6.0% 6.0% 4.0% Dividends Book Value

6484

5345

19508

6329 4447

19938

6443 4492

17896

Accts Payable Debt Due

Current Liab.

QUARTERLY SALES (\$ mill.) Full Cal-Mar.31 Jun.30 Sep.30 Déc.31 endar 2020 8463 7477 7797 8900 32637 2021 8454 8808 8473 8657 34392 8951 35466 2022 8376 8953 9186 37010 2023 8864 9130 9280 9736 2024 9300 9650 9800 10240 38990 EARNINGS PER SHARE A Cal-Full Mar.31 Jun.30 Sep.30 Dec.31 endar Year 2020 1.26 2.07 7.10 2.21 1.56 1.92 2.09 2021 2.02 2.02 8.05 2.10 2.25 1.91 2.52 2022 8.78 2023 2 07 2.20 2.30 9.15 2.58 10.10 2024 2.30 2.45 2.55 2.80 QUARTERLY DIVIDENDS PAID B. Calendar Mar.31 Jun.30 Sep.30 Dec.31 Year 2019 .82 .82 .82 .90 3.36 2020 ٩n .90 .90 .93 3.63 2021 .93 .93 .93 .98 3.77 2022 ٩R .98 .98 1.03 3.97 2023 1.03 1.03

Honeywell's sales and earnings are each likely to grow by roughly 4% this year. These figures are slightly higher than we had been looking for just three months ago. A solid first-quarter report, highlighted by strength at the aerospace and performance materials arms, set the tone for a somewhat brighter outlook. Looking at it with more granularity, the backlog rose 6%, to \$30.3 billion, with the largest boost coming from aerospace. Management struck an upbeat tone, while continuing to account for the uncertain macroeconomic backdrop. In turn, we have added a dime to our 2023 earnings call, which now stands at \$9.15 a share. Some upside exists to this number if the global economy remains firm because Honeywell boasts superior productivity and is steadily making strides in areas like automation and sustainability, but for now we are taking a cautious positioning here.

For 2024, we think earnings growth will ramp up to the 10% level. By next year, we think the sailing will be smoother on the macro front. Too, HON has many irons in the fire that are picks to click in the years ahead, and increased contributions appear probable in the coming years (more color below).

We like \mathbf{the} prospects Quantum Solutions arm out to the end of this decade. Honeywell is ahead of the trend in having a quantum computing division focused on developing and commercializing quantum technologies. This industry clocked in at around \$10 billion in 2022, but is pegged to balloon to \$125 billion by 2030. In fact, leadership here has put a \$1 trillion target on it in a few decades time. A partnership with HSBC bank will be beneficial, as will a leg up on much of the initial competition.

This Dow-30 component is a safe, defensive play at this time, but many accounts will want to look elsewhere. If a recession takes hold, HON shares will be in much higher demand. Still, with such a scenario not yet coming to true fruition, this high-quality (Safety: 1) selection falls short in terms of our primary investment criteria. More specifically, it is neutrally ranked for Timeliness, subpar for long-term capital appreciation, and below average in terms of the yield. Erik M. Manning July 7, 2023

(A) Diluted earnings. Excludes nonrecurring: '10, d41¢; '11, d\$1.18; '12, d79¢; '13, d5¢; '14, d23¢; '16, 39¢; '17, d\$4.97; '18, 97¢; '19, 25¢; '20, d38¢; '21, d14¢; '22, d\$1.51. Quarterly fig-

Dividend reinvestment plan available. (C) In-

ures may not sum due to rounding. Next earnings report due late July. **(B)** Dividends paid in early March, June, September, and December. cludes intangibles. In '22: \$20.7 billion, \$30.98 a share. **(D)** In millions. **(E)** Spunoff Garrett Moearly March, June, September, and December. cludes intangibles. In '22: \$20.7 billion, \$30.98 in share. **(D)** In millions. **(E)** Spunoff Garrett Moearly March, June, September, and December.

Company's Financial Strength Stock's Price Stability A++ 85 Price Growth Persistence 100 **Earnings Predictability** 95

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