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HON

Analyze

HON

Honeywell International Inc.



Business Overview

Honeywell International Inc. (HON) is a prominent **multinational conglomerate** that operates as a diversified technology and manufacturing leader. The company is currently undergoing a significant **strategic transformation**, shifting its focus toward three primary megatrends: **automation, the future of aviation, and the energy transition**.

Aerospace Technologies: This is Honeywell’s largest and most profitable segment, providing avionics, engines, and systems for commercial, military, and space applications.

Industrial Automation: Focused on process technologies, sensing, and safety solutions for the global industrial workforce.

Building Automation: Provides software and hardware solutions to enhance energy efficiency and security in commercial structures.

Energy and Sustainability Solutions (ESS): Specializes in high-performance materials and sustainable process technologies.

Strategic Portfolio Evolution

Honeywell is in the midst of a massive corporate restructuring. It has announced the **spin-off of its Aerospace business** (to be traded as 'HONA') and the divestiture of non-core assets like its **Warehouse and Workflow Solutions** business. This strategy aims to simplify the company into a pure-play automation leader by late 2026.

Equity & Buyback Strategy

Shareholder's Equity & Capital Return Analysis

Based on the latest **SEC filings** and 2025 year-end reports, Honeywell demonstrates a sophisticated approach to capital management, though with increasing reliance on leverage.

Stock Buyback Program: In April 2023, the Board authorized a **\$10 billion share repurchase program**. As of December 31, 2025, approximately **\$1.7 billion** remains available for future buybacks.

Buyback Objectives: The company utilizes buybacks for two main purposes: to **offset dilution** from employee stock-based compensation and to **opportunistically reduce share count** to boost Earnings Per Share (EPS).

Treasury Stock: Consistent buyback activity has led to a substantial treasury stock balance, effectively reducing the float and increasing the remaining shareholders' proportional ownership.

Dividend Strategy: Honeywell has established a strong track record of **dividend growth**, with 16 increases in the last 15 years. The current quarterly dividend stands at **\$1.19 per share** (\$4.76 annualized).

Balance Sheet Caution: A critical observation is the **sharply rising Debt-to-Equity ratio**, which climbed from **0.92 in 2021 to 2.29 in 2025**. This indicates that while capital is being returned to shareholders, it is increasingly funded by debt, posing a long-term risk to balance sheet flexibility.

Income & Options Strategy Analysis

Income Investor Evaluation

Honeywell offers a blend of stability and income, but it is not without significant **red flags** that warrant skepticism.

Dividend Reliability: With 14+ consecutive years of growth and a payout ratio around **67%**, the dividend is currently well-covered. However, the **free cash flow (FCF) coverage of debt** is tightening, which could limit future aggressive hikes.

Yield Concerns: A yield of ~2.2% is modest compared to historical norms for conglomerates. Income seekers may find better value in pure-play utilities or consumer staples with higher yields and lower debt.

Options Strategy Analysis

Analyzing the strategy of selling put spreads for premium and potential assignment followed by selling covered calls:

Volatility & Price Stability: HON has a **Beta of 0.92**, meaning it is slightly less volatile than the broader market. This stability is favorable for collecting premium on out-of-the-money puts without frequent assignments.

Options Liquidity: As a member of the Nasdaq 100 and S&P 500, HON maintains **excellent liquidity**. Tight bid-ask spreads make it efficient for multi-leg strategies like put spreads.

Major Red Flag - The 2026 Spin-off: The upcoming **Aerospace spin-off (June 2026)** is a massive catalyst for volatility. Traditional income strategies may be disrupted as the stock price will undergo a significant adjustment when the aerospace assets are carved out.

Assignment Risk: If assigned during the restructuring phase, an investor might be left holding a 'stub' company with a radically different growth profile and debt structure than the original conglomerate.

INCOME SUITABILITY SCORE

Based on dividend reliability, options liquidity, and historical market perception.

 **3/5**

Investment Thesis

Strengths & Opportunities

- Consistent dividend growth record (14+ consecutive years).
- Dominant market position in the high-margin aerospace aftermarket.
- Strategic pivot to high-growth sectors: Automation and Energy Transition.
- Robust backlog of ~\$38.3 billion providing clear revenue visibility.

Risks & Weaknesses

- Significantly elevated Debt-to-Equity ratio (2.29) compared to historical levels.
- High execution risk associated with the major 2026 Aerospace spin-off.
- Moderate revenue growth compared to high-growth industrial peers.
- Increasing interest expense could weigh on net margins.

Low price volatility (Beta < 1.0) compared to the broader market.

Cyclical sensitivity in the commercial aviation and industrial sectors.

Competitor Comparison

COMPANY	TICKER	MARKET CAP	P/E RATIO	REVENUE
Honeywell International Inc.	HON	\$132.81B	33.72	N/A
GE Aerospace	GE	\$314.4B	36.1	\$45.9B
RTX Corporation	RTX	\$268.5B	40.7	\$86.0B
Emerson Electric Co.	EMR	\$84.8B	37.0	\$18.0B

Key Financial Metrics

MARKET CAP

\$132.81B

EMPLOYEES

101,000

P/E RATIO

33.72

DIV. YIELD

2.27%

CURRENT RATIO

1.32

QUICK RATIO

1.05

DEBT/EQUITY

2.29

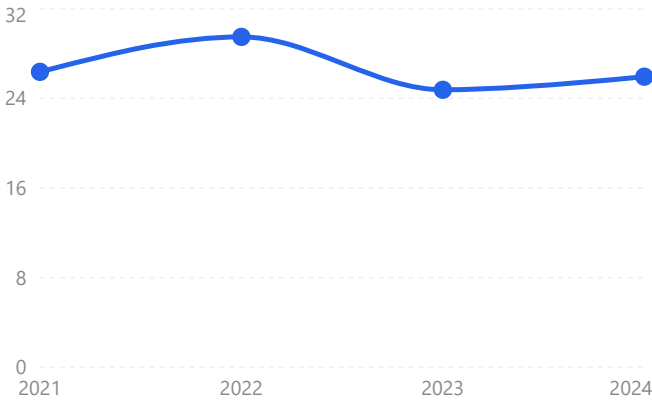
BETA

0.92

52-WEEK RANGE

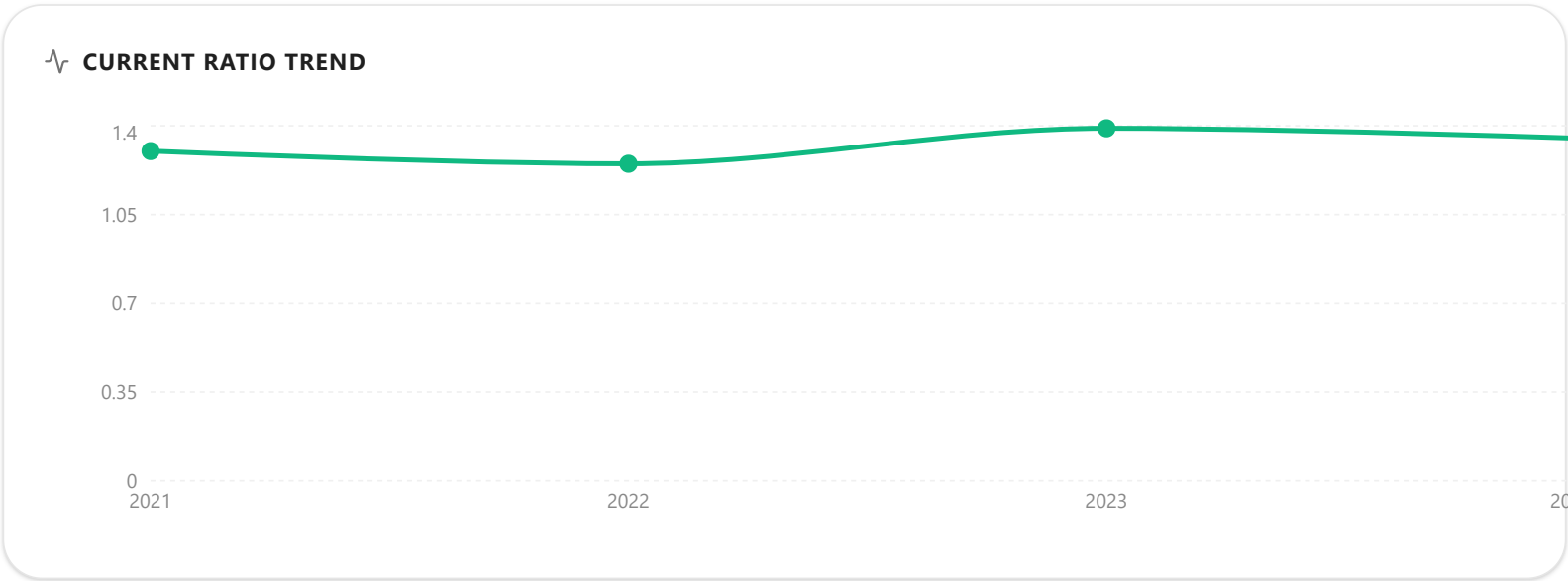
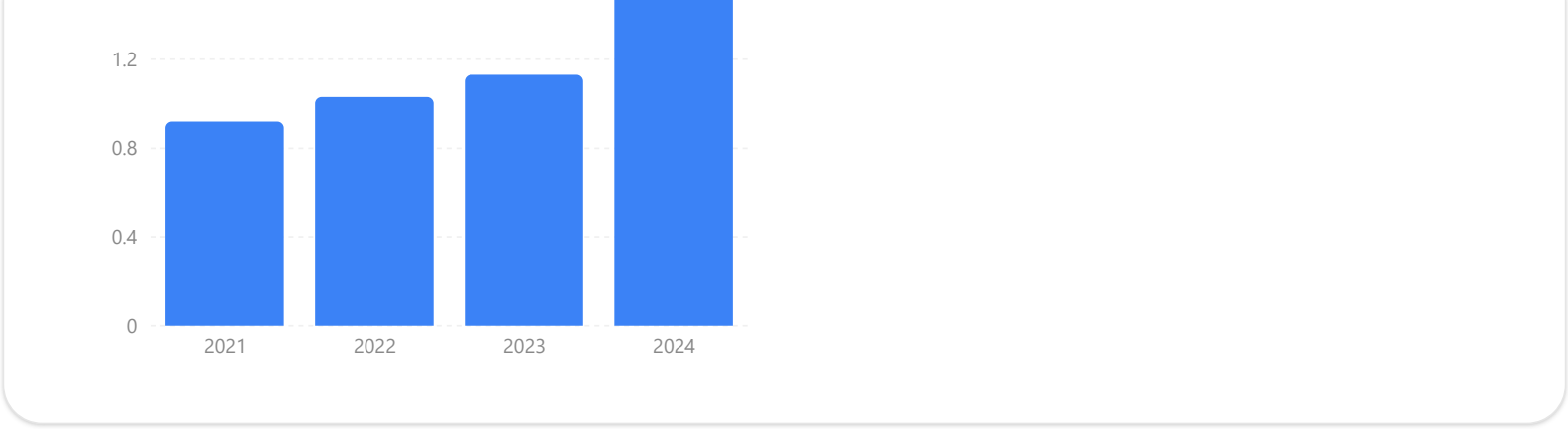
\$186.76 - \$248.18

P/E RATIO TREND



DEBT TO EQUITY TREND





 Latest News & AI Summaries

Honeywell Sets Date for Aerospace Spin-off

Honeywell has announced that the long-awaited spin-off of its Aerospace Technologies segment is now expected to be completed on June 29, 2026.

[Read Article](#)  [HONEYWELL.COM](#)

Honeywell to Divest Warehouse and Workflow Solutions

As part of its portfolio optimization strategy, Honeywell reached an agreement to sell its warehouse automation business to American Industrial Partners in an all-cash deal.

[Read Article](#)  [STOCKTITAN.NET](#)

Quarterly Dividend Increased to \$1.19

The Board of Directors approved an increase in the quarterly cash dividend to \$1.19 per share, marking the company's 16th increase since 2010.

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 Ask a Follow-up Question

Ask anything about Honeywell International Inc....



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- investing.com
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- honeywell.com
- sec.gov
- simplywall.st
- marketbeat.com
- gurufocus.com

Recommended S&P 500 Tickers (Income & Options)

TICKER	COMPANY	SECTOR	REASONING
JNJ	Johnson & Johnson	Healthcare	Offers an incredibly stable dividend and low volatility, ideal for selling defensive put spreads.
KO	The Coca-Cola Company	Consumer Staples	Classic dividend king with predictable price action and high liquidity for options premiums.
PG	Procter & Gamble Co.	Consumer Staples	Strong cash flow and stable margins provide a safe floor for accepting assignment.
ABBV	AbbVie Inc.	Healthcare	Higher dividend yield and consistent growth history make it a favorite for income-focused options strategies.
CVX	Chevron Corporation	Energy	Solid balance sheet and attractive yield; energy volatility provides higher premiums for put selling.
PEP	PepsiCo, Inc.	Consumer Staples	Reliable income growth and moderate volatility make it a primary candidate for selling covered calls.

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