Honeywell

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HONEYWELL TO ACQUIRE CAES TO ENHANCE DEFENSE TECHNOLOGIES ACROSS LAND, SEA, AIR AND SPACE

- *CAES' high-reliability radio frequency technologies will help drive long-term growth and further diversify revenue streams on leading defense platforms*

- *Additional highly skilled engineers and automated facilities will deepen Honeywell's aerospace expertise and operations, strengthen offerings for customers*

- *CAES' established positions across leading U.S. military platforms provide significant opportunities for international growth*

CHARLOTTE, N.C., June 20, 2024 – Honeywell **(Nasdaq: HON)** announced today that it has agreed to acquire CAES Systems Holdings LLC (CAES) from private equity firm Advent International for approximately $1.9 billion in an all-cash transaction. This represents approximately 14x estimated 2024 EBITDA on a tax-adjusted basis.

This acquisition will enhance Honeywell's defense technology solutions across land, sea, air and space, including new electromagnetic defense solutions for end-to-end radio frequency (RF) signal management. With CAES' scalable offerings and Honeywell's current defense and space portfolio, the combined company will grow Honeywell's established production and upgrade positions on critical platforms that include F-35, EA-18G, AMRAAM and GMLRS, while also introducing offerings on new platforms like Navy Radar (SPY-6) and UAS and C-UAS technologies. Based on current and anticipated demand, these programs are expected to grow significantly in the years to come, creating a favorable tailwind for revenue growth of Honeywell's Aerospace Technologies business.

"This acquisition further positions Honeywell at the forefront of the defense industry's most dynamic sectors and sets the tempo for continued growth across our aerospace business," said Vimal Kapur, Chairman and CEO of Honeywell. "With the integration of CAES' solutions and capabilities, we will fortify our existing defense offerings, while also expanding our capabilities in pivotal areas like RF, radar and sensing technologies, to ensure a market-leading position in areas that are critical for global security."

Headquartered in Arlington, Va., CAES (formerly known as Cobham Advanced Electronic Solutions) has 13 facilities in North America, including highly automated manufacturing facilities with fully automated test and tuning processes. The acquisition will add approximately 2,200 employees and a deep bench of RF engineering talent.

"The combination of our talented teams will diversify and deepen our expertise and specialized capabilities that enable us to scale current offerings and innovate new ones across critical military platforms," said Honeywell Aerospace Technologies President and CEO Jim Currier. "CAES' trusted position with top U.S. defense customers strengthens our existing relationships as we shape the future of the defense industry together."

Looking ahead, Honeywell sees attractive opportunities to expand the combined solutions internationally, capitalizing on accretive growth spaces with select defense customers.

“As a trusted supplier and mission partner to our customers across advanced RF capabilities, I couldn’t be more excited to see CAES join the Honeywell team and work together to build on the outstanding expertise of both companies,” said Mike Kahn, President and CEO of CAES. “Our extraordinary talent, RF breadth and world-class manufacturing facilities will offer new opportunities and further drive innovation for our industry.”

“This transaction marks a significant milestone for both parties, and we are confident that the business will continue to thrive and grow,” said Shonnel Malani, Managing Partner at Advent International. “Under Advent International’s ownership, we have invested significantly in R&D, capital and capability enhancement, all of which has been pursued to drive growth and the development of cutting-edge capabilities. We believe this sale to a strong strategic home will secure its long-term future."

This is the third acquisition Honeywell announced this year as part of its disciplined capital deployment strategy. The company is focused on high-return acquisitions that will drive future growth across its portfolio, which is aligned with the three compelling megatrends of automation, the future of aviation and energy transition.

The CAES transaction, which is expected to be adjusted earnings per share[1] accretive in the first full year of ownership, is not subject to any financing conditions and is expected to close in the second half of 2024, subject to customary closing conditions, including receipt of certain regulatory approvals.

About Honeywell

Honeywell is an integrated operating company serving a broad range of industries and geographies around the world. Our business is aligned with three powerful megatrends – automation, the future of aviation and energy transition – underpinned by our Honeywell Accelerator operating system and Honeywell Forge IoT platform. As a trusted partner, we help organizations solve the world's toughest, most complex challenges, providing actionable solutions and innovations through our Aerospace Technologies, Industrial Automation, Building Automation and Energy and Sustainability Solutions business segments that help make the world smarter, safer and more sustainable. For more news and information on Honeywell, please visit www.honeywell.com/newsroom.

We describe many of the trends and other factors that drive our business and future results in this release. Such discussions contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are those that address activities, events, or developments that management intends, expects, projects, believes, or anticipates will or may occur in the future. They are based on management's assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments, and other relevant factors, many of which are difficult to predict and outside of our control. They are not guarantees of future performance, and actual results, developments and business decisions may differ significantly from those envisaged by our forward-looking statements. We do not undertake to update or revise any of our forward-looking statements, except as required by applicable securities law. Our forward-looking statements are also subject to material risks and uncertainties, including ongoing macroeconomic and geopolitical risks, such as lower GDP growth or recession, capital markets volatility, inflation, and certain regional conflicts, that can affect our performance in both the near- and long-term. In addition, no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this release can or will be achieved. These forward-looking statements should be considered in light of the information included in this release, our Form 10-K and other filings with the Securities and Exchange Commission. Any forward-looking plans described herein are not final and may be modified or abandoned at any time.

[1] This release references certain non-GAAP measures, including:

- Adjusted earnings per share, which is defined as diluted earnings per share adjusted to exclude pension mark-to-market expense, amortization of acquisition-related intangibles, acquisition-related costs, and other items as described in reconciliations provided when we disclose adjusted earnings per share; and
- EBITDA, which we define as earnings before tax, depreciation and amortization.

Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures.

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