HONEYWELL PROFIT BEATS; SHARES HIT RECORD HIGH

News / Finance, Manufacturer



Honeywell International Inc said on Friday its commercial aviation after-sales business was benefiting from robust air travel, while its energy division was getting a lift from stable oil prices, sending shares to a record high.

The diversified U.S. manufacturer's shares rose as much as 3.6 percent to $128.30 in afternoon trading.

Honeywell, which made an unsuccessful bid for rival United Technologies Inc last year, also said it had an active pipeline for M&As across its portfolio of businesses, but remained cautious about getting into expensive deals.

Mechanical components for aircraft is a sector, among others, Honeywell could be interested from an acquisition perspective, CFO Thomas Szlosek told Reuters.

"There's a number of mechanical things on the airplane that we'd be attracted to," as connectivity on and with an aircraft continues to evolve, he said.

Honeywell already has a portfolio of antennas, routers and other technologies that enhance

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wireless connectivity onboard an airplane.

The company also provides aerospace products including auxiliary power units and engines for aircraft made by Bombardier Inc, Textron Inc and General Dynamics Corp.

STRONG QUARTERLY PERFORMANCE

Honeywell's quarterly profit came in ahead of analysts' estimates as sales in its aerospace and energy businesses were higher than its forecast.

The aero parts maker raised the low end of its 2017 earnings forecast by 5 cents to $6.90-$7.10 per share, and reaffirmed its organic sales growth forecast of 1-3 percent.

Analysts were expecting 2017 earnings of $7.03 per share, according to Thomson Reuters I/B/E/S.

Sales in Honeywell's aerospace business, its biggest, fell 4.3 percent to $3.55 billion in the first quarter ended March 31, helped by growth in its commercial aviation after-sales business. The company had forecast a decline of 5-7 percent.

Honeywell, however, added that it does not expect improvement in the business jet market by 2018-19.

Demand for corporate jets has been subdued as billionaires and oil tycoons have tightened purse strings amid an uncertain global economy.

Sales in Honeywell's performance materials and technologies unit, which makes catalysts and adsorbents for petroleum refining and is its third biggest, dropped about 9 percent to $2.07 billion, but were above the forecast of a decline of 10-12 percent.

Honeywell said it saw strong growth in orders in its energy business in China, and the Middle East had a "nice comeback".

Normalized for tax, Honeywell earned $1.66 per share in the first quarter, beating analysts' estimate of $1.62.

Revenue fell to $9.49 billion from $9.52 billion, but was above Street's expectation of $9.33 billion.

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