THE SPIN-OFF CALENDAR – December 2025

CONTINUOUS COVERAGE OF NEWLY ANNOUNCED & PENDING U.S. TAX-FREE SPIN-OFFS

New this issue; *New info/valuation; (wi) Trading when-issued; (rw) Trading regular way; ** additional research companies are no longer covered in this publication. *All prices/info as of market close November 24, 2025, unless otherwise indicated.*

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ACTIVE COVERAGE

Announced, Form 10 Not Yet Filed

Company	Symbol	Mkt. Cap. (mn)	Dates of Importance: Announced	Dates of Importance: Distribution	Spin-Off
Johnson & Johnson	JNJ	$496,400	10/14/2025	2H 2027	Orthopedics Business
Corteva Inc	CTVA	$44,800	10/1/2025	2H 2026	Seed Business
KBR Inc	KBR	$5,100	8/23/2025	2H 2026	Mission Technology Business
Kraft Heinz Co/The	KHC	$29,900	8/24/2025	2H 2026	North American Grocery Business
Keurig Dr Pepper Inc	KDP	$37,200	8/25/2025	Late-2026	Global Coffee Business
Resideo Technologies Inc	REZI	$4,700	7/30/3035	2H 2026	ADI Distribution Business
Warner Bros Discovery Inc	WBD	$56,600	6/9/2025	Mid 2026	Streaming & Studios Businesses
Medtronic PLC	MDT	$132,400	5/21/2025	Late 2026	Diabetes Business
McKesson Corp	MCK	$107,400	5/8/2025	TBD	Medical-Surgical Solutions Business
S&P Global Inc	SPGI	$151,700	4/29/2025	2H 2026	Mobility Business
Teleflex Inc	TFX	$4,900	2/27/2025	Mid 2026	Urology, Acute Care & OEM Businesses
Middleby Corp/The	MIDD	$5,800	2/25/2025	Early 2026	Food Processing Business
Honeywell International Inc	HON	$119,800	2/6/2025	2H 2026	Automation/Aerospace Business
Becton Dickinson & Co	BDX	$54,700	2/5/2025	F2026	Biosciences & Diagnostic Solutions Business
Aptiv PLC	APTV	$16,200	1/22/2025	March 2026	Electrical Distribution Systems Business
FedEx Corp	FDX	$63,000	12/19/2024	Mid-2026	FedEx Freight Business

Source: Bloomberg, and Institutional Research Group

Form 10 Filed, Spin-Off Pending

Company	Symbol	Mkt. Cap. (mn)	Dates of Importance: Announced	Dates of Importance: Distribution	Spin-Off	Form Filed	Date
Spectrum Brands Holdings Inc	SPB	$1,300	7/2/2024	TBD	Home & Personal Care Business	10*	7/2/2024
Comcast Corp	CMCSA	$96,400	11/20/2024	1H 2026	Select Cable Network Assets (Versant)	10	10/18/2025

Source: Bloomberg, and Institutional Research Group.

* indicates confidential filing with the SEC.

Completed Spin-Offs Under Active Coverage

Company	Symbol	Mkt. Cap. (mn)	Distribution Date	Parent / Spin
Amrize Ltd	AMRZ	$27,800	6/23/2025	Spin
Fortive Corp	FTV	$16,700	6/30/2025	Parent
Ralliant Corp	RAL	$5,300	6/30/2025	Spin
Honeywell International Inc	HON	$119,800	10/30/2025	Parent
Solstice Advanced Materials Inc	SOLS	$7,200	10/30/2025	Spin
DuPont de Nemours Inc	DD	$16,100	11/1/2025	Parent
Qnity Electronics, Inc	Q	$15,400	11/1/2025	Spin

UPDATES: HCI Group, Inc. (NYSE: HCI) has been removed from *The Spin-Off Calendar* given their decision to pursue an initial public offering (IPO) of ~8 million shares of Exzeo (with a 1.2 million share over-allotment) at a contemplated price range of $20-$22 per share and an expected ticker of "XZO" on the New York Stock Exchange. The company's S-1 registration statement became effective on November 4, 2025. **Topgolf Callaway Brands Corp. (NYSE: MODG),** has also been removed due to the November 18, 2025, announcement of a definitive agreement to sell a 60% majority stake in its Topgolf entertainment venue business to private equity firm Leonard Green & Partners with an implied valuation of ~$1.1 billion (and expected net proceeds to the company of ~$770 million); the transaction is expected to close in 1Q 2026.

Aptiv PLC / Electrical Distribution Systems Business

PARENT	SPIN-OFF	STATUS
Aptiv PLC NYSE: APTV Price: $74.85 Dividend / Yield: N/A 52-Week Range: $47.25 - $85.35 Market Cap.: ~$16.2 B Fin. Performance 2025E (Parent) Revenue: ~$21.3 B EBITDA: ~$3.15 B	*Electrical Distribution Systems Business* Ticker: TBD Price: TBD Dividend / Yield: TBD 52-Week Range: N/A Market Cap.: TBD Fin. Performance 2025E Revenue: ~$8.5 B EBITDA: $786.5 M	Spin-Off Announcement: 1/22/2025 Spin-Off Date: March 2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Tax, regulatory and Board approval Form 10: TBD Published Report: N/A

COMPANY & TRANSACTIONS

On January 22, 2025, prior to the market open, Aptiv PLC (NYSE: APTV), a Dublin-based auto supplier with a history of acquisitions & divestitures, announced plans to divest its Electrical Distribution Systems (EDS) business via a tax-free spin-off, under which shareholders will retain their current APTV shares and receive a pro-rata distribution of the new EDS stock. The transaction, which is expected to be completed by the end of March 2026 (subject to customary conditions, including final Board approval), is intended to be tax-free to both U.S. and Swiss shareholders.

Post-spin EDS, which will offer a full range of low- & high-voltage signal, power, and data distribution solutions to the automotive & commercial vehicle markets, is indicated to have generated 2024 sales of $8.3 billion, of which ~91% were auto-related, with a 9.5% margin, implying adj. EBITDA of ~$800 million. In the medium term (i.e., through 2028), management targets compound annual top-line growth in the mid-single digits at pro forma EDS, along with a "mid-to-high single digit" GAAP operating income margin and "high-single to low-double digit" adj. EBITDA margin. While specific capital structures have not been formally disclosed, the post-spin EDS business, given its relatively lower margin profile, is anecdotally expected to have a high, albeit non-investment grade, credit rating (while RemainCo is expected to maintain its current investment grade credit status).

Post-spin Aptiv, which will be comprised of the Advanced Safety & User Experience and the Engineered Components Group (ECG), is expected to be the higher-growth/higher-margin entity focused on offering a full "sensor-to-cloud technology stack" to the automotive industry (representing 78% of segment sales) as well as the aerospace & defense, medical and industrial markets. To that end, the remaining parent company is indicated to have generated ~$21.1 billion in sales with an adjusted EBITDA margin of 18.8% in 2024, implying adj. EBITDA of ~$2.3 billion. In the medium term (i.e., through 2028), management targets "mid-to-high single digit" compound annual top-line growth for post-spin Aptiv, with operating income and adj. EBITDA margins in the "low-to-mid teens" and "high-teens to low-twenties," respectively.

INVESTMENT OUTLOOK

For full-year 2025, APTV projects net sales of $19.6-$20.4 billion, GAAP net income of $1.18-$1.32 billion (on a margin of 6.0%-6.5%), GAAP and operating income of $1.865-$2.04 billion (on a margin of 9.5%-10%), adjusted operating income of $2.33-$2.51 billion (on a margin of 11.9%-12.3%) and adjusted EBITDA of $3.10-$3.28 billion (on a margin of 15.8%-16.1%). GAAP and adjusted net income per share are expected to be $5.25-$5.85 and $7.00-$7.60, respectively (with GAAP and adj. tax rates of ~17.5%). Cash flow from operations is anticipated to be $2.1 billion with a capital spending budget of $880 million.

Beyond the traditional rationale, including increased management & investor focus, along with tailored capital allocation strategies, the transaction is ostensibly aimed at unlocking shareholder value by allowing post-spin Aptiv (given its higher-growth/higher margin profile and wider end-market opportunity) to trade at a premium to the broader peer group of auto suppliers, including Lear Corp. (NYSE: LEA), Continental (CON GY), Denso (6902 JT), Visteon (NYSE: VC), and Magna (MG CN) as well as Adient (NYSE: ADNT), American Axle (NYSE: AXL), BorgWarner (NYSE: BWA), and Dana (NYSE: DAN), which trade at ~4.5x 2026E EV/EBITDA (in a range of 2.5x-6.0x). Applying a 5.0x multiple to estimated post-spin EDS's EBITDA of ~$880 million implies a segment value of ~$3.4 billion, while applying a premium 8.0x multiple to RemainCo, which is closer—but still a discount—to more industrially focused concerns, implies a segment value of ~$21.75 billion.

Accounting for net debt of ~$6.5 billion yields a preliminary, base case, sum-of-the-parts valuation of $18.3 billion, or ~$84 per share (based on a diluted share count of ~218 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	12.1%	**6**	UBS AG	4.3%
2	Blackrock Inc	9.3%	**7**	FMR LLC	3.4%
3	Jane Street Group LLC	7.3%	**8**	Barrow Hanley Mewhinney & Strauss	3.2%
4	Massachusetts Financial Services C	6.2%	**9**	Franklin Resources Inc	2.8%
5	State Street Corp	4.4%	**10**	Geode Capital Management LLC	2.5%

Becton, Dickinson and Company / Biosciences & Diagnostic Solutions Business

PARENT	SPIN-OFF	STATUS
Becton, Dickinson & Co. NYSE: BDX Price: $190.96 Dividend / Yield: $4.16 / ~2.25% 52-Week Range: $163.75 - $252 Market Cap.: $54.7 B <u>Fin. Performance 2025E (Parent)</u> Revenue: ~$20.2 B EPS: $13.14	*Biosciences & Diagnostic Solutions Business* Ticker: TBD Price: TBD Dividend / Yield: TBD 52-Week Range: N/A Market Cap.: TBD <u>Fin. Performance 2025E</u> Revenue: ~$3.4 B EBITDA: ~$1 B	Spin-Off Announcement: 2/5/2025 Spin-Off Date: F2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: TBD Form 10: TBD Published Report: N/A

COMPANY & TRANSACTIONS

On February 5, 2025, after the market close, Becton, Dickinson and Company (NYSE: BDX), a global medical technology company, announced that its Board had authorized management to pursue the separation of its Biosciences & Diagnostic Solutions (B&DS) business via, among other options, a spin-off, sale or Reverse Morris Trust (RMT) transaction. At the time, the company indicated that it expected to provide more specificity on which avenue it ultimately concludes would maximize shareholder value by the end of F2025 (September-ending) and aims to ultimately complete any transaction in F2026. Beyond the traditional rationales, including increased management & investor focus along with tailored capital allocation strategies, management thinks a transaction will "optimize the market valuation" of each of the standalone/pure-play MedTech and Life Science Tools businesses. [Note: due to this announcement, the company postponed the Investor Day it had scheduled for late-February.] For context, it had previously been reported in the financial press that activist-investor Starboard Value had established a stake in BDX, which we note completed the spin-off of diabetes device maker Embecta Corp. (NASDAQ: EMBC) in April 2022 and was privately urging a sale of the company's life sciences business (at a reported ~$30 billion valuation). More recently, on July 14, 2025, BDX announced a definitive agreement to combine its Biosciences & Diagnostic business with Waters Corp. (NYSE: WAT) in a Reverse Morris Trust (RMT) transaction valued at ~$17.5 billion (implying an ~19x 2025E EV/EBITDA multiple and compares with management's internal valuation for B&DS of ~$10 billion). BDX shareholders are expected to own ~39.2% of the combined company with existing WAT holders owning the remaining ~60.8%. As well, BDX will receive a $4 billion cash distribution prior to the transaction's completion, which is expected to be in 1Q 2026 (subject to customary closing conditions).

As a standalone, SpinCo (i.e., B&DS) was expected to be a pure-play life science tools and diagnostics player operating within an addressable market of ~$22 billion that is growing at a "mid-to-high single digit" rate. Specifically, the B&DS business generated ~$3.4 billion in sales during 2024, of which ~80% were recurring, and adjusted EBITDA margins of ~30%. For 2025, B&DS is projected to generate ~$3.4 billion in sales and adj. EBITDA of $925 million. Further, in conjunction with the RMT announcement, management projected the combined entity would generate pro forma 2025E sales of $6.5 billion and adjusted EBITDA of ~$2.0 billion (with ~$435 million of potential annualized EBITDA synergies by 2030). On a pro forma basis, the combined company is expected to post annualized "mid-to-high single digit" sales with "mid-teens" growth in adj. EPS in 2025E-2030E. To that end, the combined entity is envisioned to be generating ~$9 billion of sales, ~$3.3 billion of adj. EBITDA and an adj. operating margin of ~32% in 2030.

RemainCo (or New BD) is expected to have an increased focus on its core healthcare provider & patient (i.e., MedTech) end markets and was indicated to have generated 2024 sales of ~$17.8 billion, of which over 90% were recurring, amid a ~$70 billion addressable market that is estimated to be growing at ~5%. Post-separation, New BD will operate four business units: 1) Medical Essentials (~$6.2 billion in 2024 sales); 2) Connected Care ($4.3 billion); 3) BioPharma Systems (~$2.3 billion); and 4) Interventional (~$5 billion in 2024 sales).

For context, prior to the RMT announcement, standalone BDX had guided to full-year September-ending F2025E GAAP sales of $21.8-$21.9 billion (initially $21.7-$21.9 billion), implying overall growth of 8.8%-9.3% (previously 7.9%-8.4%) as well as organic growth of 3.0%-3.5% (previously 4.0%-4.5%), along with adjusted diluted EPS of $14.06-$14.34 (previously $14.30-$14.60), which implies year-over-year growth of ~(7%)-9.1%.

INVESTMENT OUTLOOK

In terms of valuation, SpinCo could be compared with Life Sciences & Diagnostics peers, such as Agilent Technologies (NYSE: A), Avantor Inc. (NYSE: AVTR), Bruker Corp. (NASDAQ: BRKR), Illumina Inc. (NASDAQ: ILMN), Mettler-Toledo International (NYSE: MTD), Revvity Inc. (NYSE: RVTY), Qiagen (NYSE: QGEN), Thermo-Fischer Scientific (NYSE: TMO) and Waters Corp. (NYSE: WAT), which, on average, trade at ~18x 2026E EV/EBITDA (in a range of 11.5x-22x). RemainCo (New BD) could be compared with a broad range of medical device/equipment concerns, such as Abbott Laboratories (NYSE: ABT), Styker Corp. (NYSE: SYK), Edward Lifesciences Corp. (NYSE: EW), which sold its critical care business to BDX in September 2024 for around 14x forward, Medtronic (NYSE: MDT), Steris (NYSE: STE) and Enovis (NYSE: ENOV), which trade, on average, at ~13x 2026E EV/EBITDA (in a range of 11.5x-22x). Using the enterprise valuation implied by the recent RMT announcement and applying a 13.5x multiple to 2026E EBITDA at RemainCo suggests segment value of ~$69.5 billion. Accounting for net debt of ~$18.5 billion yields a preliminary pre-spin valuation of ~$68.5 billion or ~$238 per share (based on a diluted share count of ~288 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	9.3%	**6**	Geode Capital Management LLC	2.2%
2	T Rowe Price Group Inc	8.5%	**7**	Massachusetts Financial Services C	2.2%
3	Blackrock Inc	8.4%	**8**	Generation Investment Management L	2.0%
4	State Street Corp	4.9%	**9**	First Eagle Investment Management	1.5%
5	Morgan Stanley	3.6%	**10**	Invesco Ltd	1.5%

Comcast Corporation / Select Cable Network Assets

PARENT	SPIN-OFF	STATUS
Comcast Corporation NASDAQ: CMCSA Price: $26.46 Dividend / Yield: $1.24 / ~3.0% 52-Week Range: $31.50 - $35.15 Market Cap.: $96.4 B <u>Fin. Performance 2025E (Parent)</u> Revenue: ~$122 B EBITDA: ~$38 B	*Select Cable Network Assets* Ticker: TBD Price: TBD Dividend / Yield: TBD 52-Week Range: N/A Market Cap.: TBD <u>Fin. Performance 2025E</u> Revenue: ~$7.0 B EBITDA: N/A	Spin-Off Announcement: 11/20/2024 Spin-Off Date: TBD Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Tax, regulatory and Board approval (as well as financing) Form 10: 10/18/2025 Published Report: N/A

COMPANY & TRANSACTIONS

On November 20, 2024, prior to the market open, Comcast Corporation (NASDAQ: CMCSA) announced plans to spin off a select group of its Cable Television Network assets into a new publicly traded company via a tax-free separation. As currently contemplated, SpinCo, which will go to market as Versant Media Group, will include a portfolio of news (e.g., CNBC, MSNBC & USA), sports (e.g., USA & The Golf Channel), entertainment (e.g., E!, USA, SYFY & Oxygen) and digital (e.g., Fandango, Rotten Tomatoes, GolfNow & Sports Engine) properties that generated roughly $7 billion of sales in the trailing-twelve months (TTM) ended September 30, 2024 (and reached ~70 million U.S. households).

The transaction was expected to take roughly one year to complete (i.e., late-2025), subject to customary conditions, including the receipt of tax & regulatory approvals, the securement of satisfactory financing arrangements and final Board approval. (As well, the two future independent entities will need to hammer out a so-called "transition services agreement" prior to the transaction's completion.) More recently, the company has anecdotally indicated that the transaction remains "on-track" to be completed at the end of the year (i.e., 2025) and that the new standalone entity will be called Versant (pronounced like "conversant"), which is aimed at "emphasizing its versatility and its familiarity with multiple subjects."

Comcast broadly reports via two segments: 1) Connectivity & Platforms (~65.5% of consolidated sales and ~83% of adj. EBITDA), which itself is comprised of two divisions, namely Residential Connectivity & Platforms (~88.5% of segment sales and 83.5% of segment EBITDA) and Business Services Connectivity (11.5% of segment sales and 16.5% of segment EBITDA); and 2) Content & Experiences (34.5% of sales and ~17% of adj. EBITDA), which includes three divisions, including Media (~55.5% of segment sales and 39% of segment EBITDA), Studios (~25.5% of segment sales and 17% of segment EBITDA) and Theme Parks (19% of segment sales and 44% of segment EBITDA). On a consolidated basis, CMCSA generated $121.6 billion of revenue in 2023 and ~$37.6 billion of adj. EBITDA (compared with $121.4 billion and ~$36.5 billion in 2022). In the first nine months of calendar 2024, the company posted consolidated top-line growth of 1.7% to $91.8 billion while adj. EBITDA declined 1.2% to $29.26 billion.

While the company did not hold a conference call regarding the proposed transaction nor did management publicly provide any specific profitability guidance for the potential SpinCo assets, which are currently included within the Media division of the Content & Experiences segment, based on its top-line commentary indicating the business generated TTM sales of ~$7 billion (as well as the suggestion that the transaction will be "accretive" to CMSCA's top-line growth profile and "neutral" to its leverage profile), we think it could be reasonably estimated, when considering the ongoing losses at

CMCSA's streaming efforts (i.e., Peacock), that the EBITDA contribution could be around $2.0-$2.5 billion (making it a relatively minor portion of the parent's overall portfolio (particularly as it relates to the core Connectivity & Platforms segment, which, again, generates ~65.5% of consolidated sales and nearly ~85% of adj. EBITDA).

To be sure, so-called legacy cable networks have been having a rough go of it in recent years amid "cord cutting" and a rapidly changing operating/competitive landscape, but they still tend to be solid cash flow generators (or, more colloquially, cash cows). That said, based on our cursory knowledge of the industry, it seems to us that while the transaction will be accretive to CMCSA's growth and margin profile, it sets free a relatively sub-scale business into an industry with durable structural headwinds/issues. To that end, we would assume that as a standalone, SpinCo is likely to garner a lower valuation than that currently awarded to the parent, as well as other media peers, which coupled with dis-synergies, suggests the transaction, in and of itself, is likely to unlock significant immediate value. More broadly, it could be reasonable to postulate, again based on our cursory knowledge of the industry landscape, that the underlying rationale for the spin-off could be aimed more at positioning SpinCo to eventually participate in potential industry consolidation (particularly amid what both corporations & investors perceive could be a less stringent regulatory environment during the new administration).

INVESTMENT OUTLOOK

In terms of valuation, the bulk of pre-spin CMCSA undoubtedly lies in Connectivity & Platforms, which could be compared with peers, such as AT&T (NYSE : T), Charter Communications (NASDAQ : CHTR), Lumen Technologies (NYSE : LUMN), T-Mobile (NASDAQ: TMUS), and Verizon Communications (NYSE: VZ), which trade, on average, at ~7.5x 2025E EV/EBITDA (or ~7x, ex-TMUS). Applying a 7.0x multiple to 2025E EBITDA implies value of nearly $230.65 billion. For Content & Experiences, Fox Corp. (NASDAQ: FOX), Disney (NYSE: DIS), Paramount Global (NASDAQ: PARA), and Warner Bros. Discovery (NASDAQ: WBD), which trade, on average, at 8.5x 2025E EV/EBITDA (or ~7.0x ex-DIS), could be considered peers to varying degrees. Applying a blended multiple of ~6.0x, reflecting a discounted multiple for SpinCo even within Media as well as a modest premium for Studios and Theme Parks, implies value of over $47 billion. Accounting for corporate costs and projected net debt yields an initial sum-of-the-parts valuation (SOTP) of ~$176.5 billion or ~$45.50 per share (based on a diluted share count of ~3.9 billion).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	9.8%	**6**	Norges Bank	2.7%
2	Blackrock Inc	8.0%	**7**	Geode Capital Management LLC	2.3%
3	Capital Group Cos Inc/The	5.9%	**8**	JPMorgan Chase & Co	2.2%
4	State Street Corp	4.5%	**9**	Dodge & Cox	2.1%
5	FMR LLC	3.1%	**10**	Morgan Stanley	1.5%

Corteva, Inc. / Seed Business

PARENT	SPIN-OFF	STATUS
Corteva, Inc. NYSE: CTVA Price: $65.66 Dividend / Yield: $0.72 / ~1.0% 52-Week Range: $53.50 - $77.50 Market Cap.: $44.8 B <u>Fin. Performance 2025E (Parent)</u> Revenue: $17.6 B / $7.8B EBITDA: $3.7 B / $1.35B	*Seed Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance 2025E</u> Revenue: $ 9.9B EBITDA: $2.6B	Spin-Off Announcement: 10/1/2025 Spin-Off Date: 2H 2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On October 1, 2025, before the market open, Corteva, Inc. (NYSE: CTVA), a global agricultural company that was spun off from Dupont de Nemours, Inc. (NYSE: DD) in June 2019, announced plans to separate its Crop Protection (i.e., NewCorteva) and Seed (i.e., SpinCo) businesses into two publicly-traded entities via a tax-free transaction that is expected to be completed in 2H 2026, subject to customary conditions, including final Board approval.

Beyond the standard rationale of improved management/strategic focus, enhanced operational flexibility, optimized capital structures & capital allocation policies, the company indicates that the separation will better equip NewCorteva, which is projected to generate ~$7.8 billion of sales in 2025 with adj. operating EBITDA of ~$1.35 billion (implying a ~17% margin), to compete, largely via investments in innovation, within an increasingly competitive market. SpinCo, which is projected to generate ~$9.9 billion of sales in 2025 with adj. operating EBITDA of $2.6 billion (implying a ~26% margin), will become a "classic growth compounder." In terms of leadership, CTVA's current Board Chairman, Greg Page, will become the Chair of NewCorteva while CTVA's current chief executive officer (CEO) will assume the helm at SpinCo. Both companies are targeting investment-grade credit ratings on a standalone basis, while NewCorteva will retain all legacy liabilities, including historical Dupont pension plans as well as all PFAS (i.e., "forever chemical") obligations, which we cursorily estimate are likely capped at ~$200 million (but also subject NewCorteva to an ~$833 minimum EBITDA restriction).

Currently, CTVA operates two business segments: 1) Seed (~56.5% of consolidated sales and ~63.5% of adj. operating EBITDA in 2024), which provides seeds for a range of agricultural products, including, among others, corn, soybeans and sunflowers throughout the U.S., Canada, Europe, the Middle Wast & Africa, Latin America and Asia; and 2) Crop Protection (~43.5% of consolidated sales and ~36.5% of adj. operating EBITDA in 2024), which provides a range of products, including herbicides, insecticides, nitrogen stabilizers and other biologicals that broadly support crop health/productivity.

In terms of guidance, which was reaffirmed in conjunction with the spin-off announcement (excluding ~$80-$100 million of expected dis-synergies), CTVA projects full year 2025E consolidated net sales growth in the "mid-single digits," with operating EBITDA of $3.75-$3.8 billion (previously $3.6-$3.8 billion), implying ~13% year-over-year growth at the midpoint and ~150 basis points of margin improvement. Operating EPS is expected to be of $3.00-$3.20 (previously $2.70-$2.95), implying year-over-year growth of ~21% at the midpoint, while free cash flow conversion is projected to be ~50% (up from the previous expectation of ~40%-45%). As well, the company seemingly remains on track to repurchase ~$1 billion worth of shares in full-year 2025, which, including dividends, portends a ~$1.5 billion annual total return to shareholders.

Depreciation & amortization expense is expected to be ~$635-$645 million, with net interest expense of $95-$105 million, capital expenditures of ~$660 million, a base tax rate of 22%-24% and a diluted share count of 681-683 million. From a longer-term perspective, the company has targeted ~$1 billion of incremental net sales from "growth platforms" in 2025-2027 and an average of 100 basis points of EBITDA margin improvement per annum, implying a 2027E margin of ~23%-25%.

INVESTMENT OUTLOOK

Primary players in the wider agricultural sector include, CF Industries (NYSE: CF), FMC Corp. (NYSE: FMC), Nutrien Ltd. (NYSE: NTR), which merged with PotashCorp in 2018 at an implied valuation of ~9.5x, Mosaic Company (NYSE: MOS), Intrepid Potash (NYSE: IPI), Bayer AG (BAYN GR), which purchased Monsanto in 2016 at ~16x, ChemChina (private), which purchased Syngenta in 2016 for ~16.5x, Yara International (YAR NO), K+S AG (SDF GR), Sociedad Quimica y Minera de Chile (NYSE: SQM), and ICL Group (NYSE: ICL), which, as a group, trade, on average of ~7x 2026E EV/EBITDA (in a range of 5x-8x). Applying a 13x multiple to the higher-margin Seed business and a peer 7.0x multiple to the Crop Protection business implies segment values of ~$44.5 billion and $9.5 billion, respectively. Accounting for corporate costs as well as projected net debt yields a sum of the parts value of ~$51.0 billion or ~$75 per share (based on a diluted share count of ~683 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	11.7%	6	Franklin Resources Inc	2.8%
2	Blackrock Inc	7.4%	7	Geode Capital Management LLC	2.6%
3	Capital Group Cos Inc/The	6.4%	8	FMR LLC	2.0%
4	State Street Corp	5.0%	9	Independent Franchise Partners LLP	2.0%
5	Aristotle Capital Management LLC	3.2%	10	Northern Trust Corp	1.6%

FedEx Corporation / FedEx Freight

PARENT	SPIN-OFF	STATUS
FedEx Corporation NYSE: FDX Price: $266.98 Dividend / Yield: $5.52 / ~2.5% 52-Week Range: $194.50 - $313.85 Market Cap.: ~$63.0 B <u>Fin. Performance 2025E (Parent)</u> Revenue: $87.7 B EBITDA: $9.85 B	*FedEx Freight* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A M0arket Cap.: N/A <u>Fin. Performance (Spin)</u> N/A	Spin-Off Announcement: 12/19/2024 Spin-Off Date: Mid-2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC and Board of Directors Form 10 Amended: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On December 19, 2024, after the market close, FedEx Corporation (NYSE: FDX), a global transportation company, announced that following an assessment of its Freight division, which began in mid-2024, the company intends to pursue a separation of its core Parcel and Freight businesses into two standalone, publicly-traded companies via a "tax efficient capital market transaction" (i.e., a tax-free spin-off). The transaction is expected to be executed within "the next 18 months" (i.e., mid-2026), subject to customary conditions, including regulatory and final Board approvals. More recently, management has anecdotally indicated that the company is targeting a June 2026 completion for the spin-off transaction.

Notably, as a standalone, FedEx Freight, which for those that have followed the industry is the product of the Viking, American Freightways & Watkins acquisitions in the late-90's to early-2000's, will be the industry's largest pure-play less-than-truckload (LTL) carrier by sales and second-largest by profitability (albeit not including the burden of unallocated corporate costs). As well, strategic review aside, this development was, in our view, a logical move within the context of recent industry trends, which have demonstrated a material (and we think well-deserved, considering the step-function improvement in margin profiles amid attractive underlying industry dynamics) expansion in valuation multiples for standalone LTL carriers over the last several years. It also took into consideration the impressive share price performance of XPO, Inc. (NYSE: XPO), which became a standalone LTL carrier following the spin-offs of GXO Logistics, Inc. (NYSE: GXO) in August 2021 and RXO, Inc. (NYSE: RXO) in November 2022 (although we would note that the performance was, in no doubt, aided by the industry-wide impact from the bankruptcy of Yellow Corp. [formerly NASDAQ: YELL] in August 2023). Additionally, the standalone company, which will maintain the FedEx Freight moniker, should benefit from a "continuing commercial collaboration" with its former parent as well as an expanded (and dedicated) sales force and an LTL-centric pricing paradigm.

As of the November-ending 2Q F2025, FedEx reported two primary operating segments: 1) FedEx Express (88% of consolidated sales and ~79.5% of adj. EBITDA in F2025), which was previously reported under the FedEx Express, Ground & Services segments (but consolidated under the company's DRIVE initiative); and 2) FedEx Freight (12% of sales and ~20.5% of adj. EBITDA). In terms of guidance, while we contend this transaction will unlock value, the transportation market (both parcel & freight) remains somewhat challenging in the near-term. To that end, FDX has issued full-year F2026 guidance calling for top-line growth of 4%-6%, with diluted EPS before mark- to-market (MTM) retirement plans accounting adjustments, of $14.20-$16.00 (based on a tax rate of ~25%) and adjusted EPS of $17.20-$19.00. Pension contributions are projected to be ~$400 million while capital spending is forecasted at ~$4.5 billion.

INVESTMENT OUTLOOK

In terms of valuation, FDX's Express segment (again, formerly Express, Ground & Services) could collectively be compared with parcel peers, such as United Parcel Service, Inc. (NYSE: UPS) and Deutsche Post (DPW EU), which trade, on average, at ~7.5x 2026E EV/EBITDA (in a range of ~6x-9x). The standalone Freight division could be compared with Old Dominion (NASDAQ: ODFL), Saia, Inc. (NASDAQ: SAIA), XPO, Inc. (NYSE: XPO) and TFI International (NYSE: TFII), which trade at ~15.0x 2026E EV/EBITDA (in a range of 9x-20.5x with XPO and SAIA at ~13x & 16x, respectively). Based on management commentary/guidance, industry trends and current consensus estimates, it could be reasonably projected that a standalone Freight division could generate F2026E adj. EBITDA of ~$2.1 billion, which at the peer multiple implies value of ~$31.5 billion. Assuming the remaining Express business generates ~$9.25 billion in F2026E adj. EBITDA and is valued at the peer multiple, this implies value of ~$69.25 billion

Accounting for corporate costs, capitalized at the blended corporate average, as well as projected net debt implies a sum-of-the parts fair value of nearly $85 billion or ~$342.50 per share (based on a diluted share count of ~248 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	8.4%	**6**	Capital Group Cos Inc/The	4.3%
2	Smith Frederick Wallace	8.1%	**7**	State Street Corp	4.0%
3	Blackrock Inc	6.3%	**8**	Franklin Resources Inc	2.0%
4	Dodge & Cox	5.8%	**9**	Geode Capital Management LLC	2.0%
5	PRIMECAP Management Co	5.2%	**10**	Morgan Stanley	1.4%

Honeywell International Inc. / Aerospace Business

PARENT	SPIN-OFF	STATUS
Honeywell International Inc. NYSE: HON Price: $188.66 Dividend / Yield: $4.52 / 2.0% 52-Week Range: $169.00 - $223.00 Market Cap.: ~$119.8 B <u>Fin. Performance (Parent)</u> Revenue: ~$38 B EBITDA: $10.3 B	*Aerospace Business* NYSE: TBD Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance (Spin)</u> N/A	Spin-Off Announcement: 2/6/2025 Spin-Off Date: Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Form 10 filing w/ the SEC and Regulatory & Board Approvals Form 10 Amended: TBD Published Report: TBD

COMPANY & TRANSACTIONS

On October 29, 2025, Honeywell International Inc. (NYSE: HON) completed the tax-free spin-off of its Advanced Materials business into an independent, publicly traded entity called Solstice Advanced Materials Inc. (NASDAQ: SOLS). Recall, the transaction was initially announced in October 2024; subsequently, in February 2025, seemingly in part due to pressure from activist-investor Elliot Management, the company announced additional plans to separate its Automation and Aerospace businesses in a tax-free transaction targeted for completion in 2H 2026. More recently, in early-November 2025, HON announced that Jim Currier would assume the helm at the independent aerospace company while Craig Arnold will serve as its non-executive chairman.

In terms of background/context, these recent corporate actions come within HON's overarching corporate strategy of focusing on what management views as three "compelling megatrends," namely automation, aviation and the global energy transition, under the leadership of current chief executive, Vimal Kupur (who took the helm in June 2023 and has previously suggested "portfolio management would be a hallmark of his tenure"). Additionally, we would note that HON spun off its home business, Residio (NYSE: REZI), and its transportation systems (i.e., turbochargers) business, Garrett Motion (NASDAQ: GTX) in 2018. Anecdotally, it seems, at least initially, that the investment community viewed those two spin-off entities as having been set free with disadvantaged financial profiles, either from an income statement (i.e., royalty) or balance sheet (i.e., unrelated liability) perspective. Consequently, management has consistently stressed its intention to establish the Aerospace and Automation businesses with an investment-grade credit rating.

As mentioned earlier, in late-2024, the company came under pressure from activist-investor Elliott Investment Management, who issued a public letter to HON's Board indicating it had made "a more than $5 billion" investment in the company (which, by our calculation, would put it among the top 10 shareholders). While praising the company as being an "iconic pillar of the American industrial complex" and a "world-class company with market-leading assets," the investor asserted that the current conglomerate operating structure has caused "uneven execution and inconsistent financial results," leading to share price underperformance over the last 5 years. As a prescription to these perceived ills, Elliott called on HON to separate its Aerospace and Automation businesses into two standalone companies (which is a move that it estimates could unlock 50%-75% of share price appreciation over the next two years). Along with the recent spin-off of SOLS, which was, on a relative basis, a small piece of HON's overall portfolio, the company recently completed the $1.325 billion sale of its Personal Protective Equipment business as well as the divestiture of its Bendix-related legacy asbestos liabilities, Further, the company contemplated the potential monetization of its Productivity Solutions & Services (PSS) and Warehouse & Workflow Solutions (WSS) businesses, both of which reside in the Automation business, as well as the latent potential for an initial public offering (IPO) for Quantinuum (most recently having a pre-money equity valuation is ~$10 billion).

Beginning of January 1, 2026, post-SOLS spin Honeywell is expected to report in four segments: 1) Aerospace Technologies, which is still on track to be spun off in a tax-free transaction in 2H 2026; as well as 2) Building Automation; 3) Industrial Automation; and 4) Process Automation & Process Technology. More broadly, Honeywell Automation, which will focus on powering the industrial digital transformation, generated ~$18 billion of sales in 2024, with a segment margin of ~23%. Meanwhile, Honeywell Aerospace, which is generally viewed as the company's "crown jewel," will be one of the largest pure-play aerospace suppliers, at ~$15 billion in sales (and a segment margin of ~26%).

INVESTMENT OUTLOOK

In terms of financial guidance, the company has articulated full-year 2025E guidance, including the impact of the Solstice separation, calling for consolidated sales of $40.7-$40.9 billion, implying organic growth of ~6%, with segment margin of 22.9%-23.0%, and adjusted EPS of $10.60-$10.70, implying growth of 7%-8%. Free cash flow is expected to be $5.2-$5.6 billion on operating cash flow of $6.4-$6.8 billion.

The Aerospace Technologies business could be compared with competitors that include Garmin Ltd. (NYSE: GRMN), L3Harris Technologies Inc. (NYSE: LHX), Northrop Grumman Corp. (NYSE : NOC), RTX Corp. (NYSE : RTX), Safran SA (SAF FP) and Thales SA (HO FP), which trade at ~17x 2026E EV/EBITDA (in a range of ~13.5x-21x) while a broader range of aerospace peers could include General Electric (NYSE: GE), Heico Corp. (NYSE: HEI), Howmet Aerospace Inc. (NYSE: HWM), Roll-Royce Holdings (RR LN) and TransDigm Group Inc. (NYSE: TDG), which trade at ~26x 2026E EV/EBITDA (in a range of 18x-30x). The group, as a whole, trades, at ~21x 2026E EV/EBITDA, on average. Additionally, M&A activity in the broader Aerospace & Defense sector has averaged ~14x forward EV/EBITDA in recent years (within a range of 9x-23x). Applying a 19x multiple implies a segment value of ~$100 billion for the Aerospace Technologies business.

Peers to the broader Automation segment (i.e. Industrial & Buildings), could include ABB Ltd. (ABB SS), Emerson Electric Co. (NYSE: EMR), Itron Inc. (NASDAQ: ITRI), MSA Safety Inc. (NYSE: MSA), Rockwell Automation Inc. (NYSE: ROK), TE Connectivity Plc (NYSE: TEL), Zebra Technologies Corp. (NASDAQ: ZBRA), Johnson Controls International Plc (NYSE; JCI), Schneider Electric SE (SU FP), Siemens AG (SIE GY), which trade, on average at ~16.5x 2026 EV/EBITDA (in a range of 13x-22x). Applying a 14.5x multiple implies an ~$81 billion valuation for the standalone Automation business.

Accounting for corporate costs as well as projected net debt, including non-controlling interest as well as pending acquisitions and divestitures, yields an initial sum-of-the-parts fair value estimate of more than $148 billion or ~$231 per share (based on a diluted share count of ~641 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	9.8%	6	Geode Capital Management LLC	2.4%
2	Blackrock Inc	7.3%	7	Wellington Management Group LLP	2.4%
3	State Street Corp	4.9%	8	Newport Trust Co	2.2%
4	Capital Group Cos Inc/The	3.3%	9	Bank of America Corp	1.9%
5	Morgan Stanley	2.9%	10	Franklin Resources Inc	1.8%

Johnson & Johnson / Orthopedics Business

PARENT	SPIN-OFF	STATUS
Johnson & Johnson NYSE: JNJ Price: $206.05 Dividend / Yield: $5.20 / ~2.7% 52-Week Range: $140.50 - $194.50 Market Cap.: ~$496.4 B <u>Fin. Performance 2025E (Parent)</u> Revenue: $93.7 B EBITDA: $35.25 B	*Orthopedics Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A M0arket Cap.: N/A <u>Fin. Performance (Spin)</u> N/A	Spin-Off Announcement: 10/14/2025 Spin-Off Date: Mid-to-Late 2027 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC and Board of Directors Form 10 Amended: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On October 14, 2025, before the market open, Johnson & Johnson (NYSE: JNJ), a global pharmaceutical company, announced its intention to separate its orthopedics business (currently housed within the MedTech segment) over the next 18-24 months (i.e., mid-to-late 2027), subject to customary conditions, including final Board approval. While management's presumed structure for the transaction is a tax-free spin-off, the company will simultaneously explore a range of avenues to "optimize" shareholder value, including a sale (i.e., a dual-track process). As a separate entity, the orthopedics business, which generated ~$9.2 billion of revenue in 2024 (or ~10% of consolidated sales) and focuses on hip & knee replacements as well as spinal equipment, will operate as DePuy Synthes and be led by Mr. Namal Nawana (who is an experienced MedTech executive that previously spent 15 years at JNJ).

Beyond the standard rationale of improved management/strategic focus and enhanced operational flexibility we note that the announcement comes within the context of JNJ's multi-year effort to focus on higher-growth and higher-margin products/markets. To that end, management anecdotally indicates that the DePuy Synthes separation "will further strengthen our overall MedTech business and increase Johnson & Johnson's top-line growth and margins." Further, the company elaborated for a degree of directional context, that if one looks at "normalized year-to-date 2025 results, MedTech's top-line revenue growth and operating margin would both improve by at least 75 basis points" without the impact of orthopedics. (For a degree of additional historical context, recall JNJ completed the tax-free spin-off of its consumer-health business, Kenvue Inc. (NYSE: KVUE) in August 2023.)

Currently JNJ operates two business segments: 1) Innovative Medicine, which generated ~$57 billion in sales and ~$19 billion of adj. segment operating profit on a ~33% margin in 2024 (comprising roughly 64% of consolidated sales and ~84% of operating profit) and focuses on several therapeutic areas, including oncology, immunology, neuroscience, pulmonary hypertension, cardiovascular & metabolism, and infectious diseases; and 2) MedTech, which generated ~$32 billion of sales and $3.75 billion of adj. segment operating profit on a margin approaching ~12% (comprising the remaining ~36% and 16.5% of consolidated sales and segment op. profit, respectively), which includes a broad portfolio of products used in the cardiovascular, orthopedics, surgery and vision fields.

In terms of guidance, in conjunction with the spin-off announcement (and quarterly results), JNJ increased its full-year 2025 outlook, which calls for consolidated top-line growth of 5.4%-5.9% to $93.5-$93.9 billion (compared with the previous outlook of $93.2-$93.6 billion), with adjusted EPS growth of 8.2%-9.2% to $10.80-$10.90 (in-line with its previous outlook).

The company projects adj. pre-tax operating margin expansion of ~300 basis points as well as an effective tax rate of ~17.5%-18%.

INVESTMENT OUTLOOK

In terms of valuation, JNJ's Innovative Medicine segment could be compared with a range of other large-cap Pharma concerns, including AbbVie Inc. (NYSE : ABBV), Amgen Inc. (NASDAQ: AMGN), AstraZeneca plc (AZN LN), Bristol-Myers Squibb Co. (NYSE: BMY), Eli Lilly & Co. (NYSE: LLY), GlaxoSmithKline plc (GSK LN), Merck & Co., Inc. (NYSE: MRK), Novartis AG (NOVN SW), Pfizer Inc. (NYSE: PFE), Roche Holding Ltd (ROG SW), and Sanofi (SAN FP), which trade, on average, at 13x 2026E EPS (in a range of 7.5x-27x) and ~11.0x 2026E EV/EBITDA (in a range 7x-23x). Peers to the MedTech business could include Alcon, Inc. (ALC SW), Bausch & Lomb Inc. (NYSE: BLCO), Boston Scientific Corporation (NYSE: BSX), The Cooper Companies, Inc. (NASDAQ: COO), Intuitive Surgical, Inc. (NASDAQ: ISRG), Medtronic plc (NYSE: MDT), Smith & Nephew plc (SN LN), Stryker Corporation (NYSE: SYK), and Zimmer Biomet Holdings, Inc. (NYSE: ZBH), which trade, on average, at 19x 2026E EPS (in a range of 11.5x-28x) and 16x 2026E EV/EBITDA (in a range of 10x-33x). Applying a blended multiple of ~17.0x to 2026E adj. EPS that is roughly in-line with current consensus forecasts yields a preliminary, base case, sum-of-the-parts valuation of ~$194 per share (based on a diluted share count of ~4.2 billion).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	9.8%	**6**	Morgan Stanley	2.0%
2	Blackrock Inc	8.5%	**7**	State Farm Mutual Automobile Insur	1.5%
3	State Street Corp	5.5%	**8**	UBS AG	1.3%
4	Geode Capital Management LLC	2.5%	**9**	Norges Bank	1.3%
5	JPMorgan Chase & Co	2.3%	**10**	Northern Trust Corp	1.3%

KBR, Inc. / Mission Technology Solutions Business

PARENT	SPIN-OFF	STATUS
KBR, Inc. NYSE: KBR Price: $39.84 Dividend / Yield: $0.66 / ~1.65% 52-Week Range: $44.00 - $72.50 Market Cap.: ~$5.1 B <u>Fin. Performance F2026E (Parent)</u> Revenue: $2.2 B EBITDA: $479 M	*Mission Technology Solutions (MTS) Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance (Spin)</u> Revenue: ~$5.8 B EBITDA: ~$571 B	Spin-Off Announcement: 9/24/2025 Spin-Off Date: 2H 2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approvals from regulators and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On September 24, 2025, KBR, Inc. (NYSE: KBR), a global IT services contractor, announced plans to separate its government-focused Mission Technology Solutions (MTS) business from its energy & infrastructure-focused Sustainable Technology Solutions (STS or NewKBR) business via a tax-free spin-off that is expected to be completed in "mid-to-late" 2026 (i.e., 2H 2026), subject to customary conditions, including regulatory approvals and final Board approval (a group that unanimously approved today's announcement).

Beyond the standard rationale of improved management/strategic focus, enhanced operational flexibility, optimized capital structures & capital allocation policies we would note that this step is likely the culmination of KBR's multi-year transformation efforts aimed at focusing on an asset-light business model with differentiated/proprietary (i.e., less commoditized) solutions that generate stable/predictable cash flows. To that end, one could surmise that beyond the contention that this transaction will unlock value (and the existence of limited discernable inter-segment synergies), a secondary motivation would be to reduce NewKBR's exposure to fluctuations in federal IT spending, which has been a recent overhang for the group (although we would note that MTS (i.e., SpinCo) generates ~75% of its sales from the defense, intelligence & space sectors, which tend to be of higher priority as compared to other government verticals). Additionally, we would note that in December 2024, activist investor Irenic Capital, purportedly a ~1% holder, announced plans to push KBR to separate its MTS and STS segments (and/or potentially seek Board representation). Subsequently, in January 2025, KBR announced a segment realignment, which among other things, resulted in the former Government Solutions segment being renamed Mission Technology Solutions (MTS).

KBR currently operates two business segments: 1) Sustainable Technology Solutions (STS), which generated $2.2 billion in sales and ~$479 million of adj. EBITDA (i.e., a 22% margin) in the trailing 12-months (TTM) ended 2Q 2025 and is focused on sustainable solutions for the energy & critical infrastructure sectors; and 2) Mission Technology Solutions (MTS), which generated ~$5.8 billion of sales and $571 million of adj. EBITDA (or a ~10% margin) in the TTM ended 2Q 2025 and is a pure-play government services contractor with a particular focus on national security solutions for the defense, intelligence, and space arenas. In terms of guidance, in conjunction with the spin-off announcement, KBR maintained its current full-year 2025 outlook, which calls for consolidated sales of $7.9-$8.1 billion, adjusted EBITDA of $960-$980 million, adjusted EPS of $3.78-$3.88, and operating cash flows of $500-$550 million. As well, for some broader context, management has previously articulated 2027 targets calling for consolidated sales of ~$9 billion, underpinned by top-line CAGRs of 11%-15% at STS and 5%-8% at MTS, with adj. EBITDA of ~$.1.15 billion, implying adj. EBITDA margins of 20%-plus at STS and 10%-

plus at MTS. On the cash flow front, management expects cumulative deployable free cash flow generation of ~$2.0 billion (between 2024-2027).

In terms of post-spin leadership, the current KBR President & Chief Executive Officer (CEO) will remain at the helm of NewKBR, as well as maintain his position as the Board's Chairman. Current KBR Chief Financial Officer (CFO), Mark Soop, will lead the spin-off transition effort and, as of January 5, 2026, will be succeeded as CFO by Shad Evans, currently the Senior Vice President (SVP) of Finance and formerly the CFO of the STS business unit. The company has engaged a professional search firm to aid in the selection of post-spin MTS's leadership.

INVESTMENT OUTLOOK

In terms of valuation, KBR could be compared with a range of government & commercial information technology (IT) contractors, including Booz Allen (NYSE: BAH), CACI International (NYSE: CACI), Leidos Holdings (NYSE: LDOS), Parsons Corp. (NYSE: PSN), Science Applications International (NASDAQ: SAIC) and Amentum Holdings (NYSE: AMTM), which was spun-off from Jacobs Solutions (NYSE: J) as a pure-play government contractor in September 2024, as well as Gartner, Inc. (NYSE: IT), Tetra Tech, Inc. (NASDAQ: TTEK), Accenture (NYSE: CAN), Cognizant Technology Solutions Corp. (NASDQ: CTSH), Capgemini (CAP FP), Infosys Ltd. (NYSE: INFO), Wipro (WPRO IN) and Tata Consultancy Services (TCS IN), which trade at ~11.5x 2026E EV/EBITDA (in a range of 8.0x-15.0x).

Applying a blended multiple of ~10.0x EV/EBITDA to 2026E adj. EBITDA, which reflects a multiple roughly in-line with peers to the faster-growing, higher margin STS business and a modest discount to MTS, implies values of ~$5.5 billion and ~$4.85 billion, respectively. Accounting for projected net debt yields a preliminary, base case, sum-of-the-parts valuation of ~$8.1 billion or ~$63 per share (based on a diluted share count of ~129 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	FMR LLC	15.1%	**6**	Franklin Resources Inc	3.5%
2	Blackrock Inc	9.7%	**7**	MASSACHUSETTS FINANCIAL SERVICES	3.2%
3	Vanguard Group Inc/The	9.6%	**8**	State Street Corp	3.1%
4	Boston Partners Global Investors I	4.3%	**9**	Dimensional Fund Advisors LP	2.0%
5	Invesco Ltd	4.2%	**10**	Geode Capital Management LLC	1.8%

Keurig Dr Pepper Inc. / Global Coffee Business

PARENT	SPIN-OFF	STATUS
Keurig Dr Pepper Inc. NYSE: KDP Price: $27.36 Dividend / Yield: $0.92 / 2.95% 52-Week Range: $28.50 - $38.25 Market Cap.: ~$37.2 B Fin. Performance F2026E (Parent) Revenue: $27.5 B EBITDA: $6.7 B	*Global Coffee Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A Fin. Performance (Spin) Revenue: ~$16 B EBITDA: ~$3 B	Spin-Off Announcement: 8/25/2025 Spin-Off Date: TBD Tax Status: TBD Spin-Off Ratio: N/A Prerequisites: Approvals from regulators and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On August 25, 2025, Keurig Dr Pepper Inc. (NASDAQ: KDP), a North American beverage company, agreed to purchase JDE Peet's N.V. (JDEP NA) for €31.85 per share in cash, representing an equity value of €15.7 billion, which was ~33% premium to JDEP's 90-day volume weighted average price (VWAP) and a ~20% premium to the previous day's closing price. The purchase price, which will be unaffected by JDEP's previously declared dividend of €0.36 per share, represents a 2026E EV/EBITDA multiple of ~12.9x (or a 10.5x multiple, post the ~$400 million of synergies expected to be realized over 3-years). The transaction, which has the committed support of JAB Holdings who controls ~69% of the JDEP, is expected to close in 1H 2026.

As soon as practically feasible following the merger (i.e., late-2026), the combined company intends to separate into two independent, publicly traded companies via a tax-free spin-off (subject to customary conditions): 1) Beverage Co., which will operate well-known brands, such as Dr Pepper, A&W, Canada Dry, 7-Up, Snapple, Mott's and Penafiel; and 2) Global Coffee Co., which will combine KDP's single-serve coffee brands, Keurig & Green Mountain, which are category leaders in North America, with JDE Peets's long-established portfolio of brands, particularly in Europe, including Peet's, L'OR, and Jacobs. The standalone Beverage business, which operates in the ~$300 billion global beverage industry and will be helmed by current KDP CEO Tim Cofer, is expected to generate sales of ~$11 billion, with adj. EBITDA of ~$3.3 billion (on a trailing twelve-month basis ending June 2025) and post mid-single digit net sales growth, along with adj. EPS growth in the high-single digits. The Global Coffee Co., which is expected to be the top-player in the ~$400 billion global coffee industry and will be led by KDP's current CFO Sudhanshu Priyadarshi, is projected to generate ~$16 billion in June-ending TTM sales and ~$3.1 billion of pre-synergy adj. EBITDA and post low-single digit net sales growth along with high-single digit adj. EPS growth.

Post-merger, KDP expects to maintain an investment-grade credit rating and a leverage ratio of ~5.25x by the end of 2026 (compared with ~3.3x at the end of 2Q 2025). Post-spin, both the Beverage & Coffee companies are also committed to garnering investment-grade credit profiles. (That said, the rating agency, Standard & Poor's (S&P), has signaled the potential for a one-step downgrade to BBB- following the announcement of this "complex, two-step transaction." In all fairness, we would also point out that in the three years following KDP's ~$18 billion purchase of Keurig Green Mountain in 2018, the company reduced its leverage ratio from ~6.0x to slightly less than 3.0x by 2021.)

Beyond the standard rationale of enhanced focus & operational flexibility, optimized capital structures & allocation policies, the transaction, at least in management's view, there is a complementary fit that creates a scaled, global leader (i.e., #1) in the Coffee sector with the expectation for robust shareholder returns in the form of buybacks & dividends, while the Beverage business will remain focused on growth through innovation and acquisitions while also paying out a "competitive" dividend and engaging in "opportunistic" share repurchases.

INVESTMENT OUTLOOK

In terms of valuation, the Beverage & the Coffee Cos., compete with a range of companies, including Coca-Cola (NYSE: KO), PepsiCo (NASDAQ: PEP), Starbucks (NASDAQ: SBUX), J.M. Smucker (NYSE: SJM), Kraft Heinz (NASDAQ: KHC), and Nestle (NESN SW), which trade at ~14x 2026E EV/EBITDA (in a range of 9.5x-19.5x), while ancillary peers in the sector, excluding predominantly alcohol-focused concerns, could include Campbell's Soup (NASDAQ: CPB), Danone SA (BN FP), Hershey (NYSE: HSY), Kellanova (NYSE: K), which is the process of being purchased by privately-held Mars, Inc. for ~16.4x TTM adj. EBITDA, McCormick & Co. (NYSE: MKC) and Monster Beverage Corp. (NASDAQ: MNST), which trade at ~14.5x (in a range of 10x-21.5x).

Applying a blended multiple of ~13.0x EV/EBITDA to 2026E EBITDA (i.e., 13.5x for Beverage and a ~12.5x multiple for Coffee) implies values of ~$47 billion and nearly $40.5 billion, respectively. Accounting for projected net debt yields a preliminary, base case, sum-of-the-parts valuation of ~$49 billion or ~$36 per share (based on a diluted share count of ~1.36 billion).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	11.7%	**6**	State Street Corp	4.7%
2	Capital Group Cos Inc/The	9.9%	**7**	JAB Holding Co Sarl	4.4%
3	Blackrock Inc	8.4%	**8**	Wellington Management Group LLP	3.8%
4	FMR LLC	7.6%	**9**	Harris Associates LP	3.5%
5	JPMorgan Chase & Co	5.1%	**10**	Invesco Ltd	2.3%

McKesson Corp. / Medical-Surgical Solutions Business

PARENT	SPIN-OFF	STATUS
McKesson Corporation NYSE: MCK Price: $870.21 Dividend / Yield: $2.84 / 0.35% 52-Week Range: $465.00 - $731.00 Market Cap.: ~$107.4 B <u>Fin. Performance F2026E (Parent)</u> Revenue: $405 B EBITDA: $6.4 B	*Medical-Surgical Solutions Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance (Spin)</u> N/A	Spin-Off Announcement: 5/8/2025 Spin-Off Date: TBD Tax Status: TBD Spin-Off Ratio: N/A Prerequisites: Approvals from regulators and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On May 8, 2025, after the market close, McKesson Corporation (NYSE: MCK), a pharmaceutical/medical supply distributor, announced its intention to separate its Medical-Surgical Solutions segment into an independent company. The company is "committed to exploring all opportunities to execute a separation in a manner that maximizes shareholder value and anticipates providing more information as appropriate on the form and timing as the process progresses" (i.e., a seemingly dual-track spin/sale scenario). Management contends the separation will help the remaining company "focus its capital deployment priorities on opportunities that best align with its long-term enterprise strategies" and further invest in higher-growth, higher-margin opportunities, namely Oncology & Biopharma Solutions. On the other hand, NewCo is expected to be "a differentiated medical surgical supply and solutions company with a compelling leadership position, attractive margins, and potential for growth acceleration across all the alternate sites of care markets." Relatedly, we would note that the company has effected several divestitures in recent years aimed at focusing on its core distribution business, including Change Healthcare (in 2020) and its European and Canadian retail businesses (in 2021 and 2024, respectively).

In conjunction with the announcement, the company reported full-year F2025 results (March-ending), reflecting a 16% increase in consolidated sales to $359.1 billion, with adjusted EPS up ~20% to $33.05. Cash flow from operations was $6.1 billion and free cash flow (FCF) of $5.2 billion. Looking into F2026, management projects sales growth of 11%-15%, with year-over-year operating profit growth of 8%-12%. Adjusted EPS is expected to be $36.75-$37.55, implying 11%-14% growth year-over-year (or 13%-16% growth, ex-net gains from the cuts and ventures in fiscal 2025, which exceeds the company's long-range growth target of 12%-14%). On the latter front, it also reaffirmed its previously disclosed long-term targets, including long-term adj. EPS growth of 12%-14%, while updating its long-term margin target for its U.S. Pharmaceutical business to 6%-8% (previously 5%-7%). The long-term margin target for its Prescription Technology Solutions business remains at 11%-12%.

Currently, MCK reports in four segments: 1) U.S. Pharmaceutical (91.5% of consolidated sales and 73.5% of operating profit); 2) Prescription Technology Solutions (1.5% of sales & 16% of op. profit); 3) Medical-Surgical Solutions (3.0% of sales and 14% of EBIT); and 4) International (4% of sales). By segment, for F2026, the company forecasts the U.S. Pharmaceutical and Medical-Surgical Solutions businesses to grow sales & EBIT at 12%-16% and 2%-6%, respectively, with Prescription Technology Solutions posting sales growth of 4%-8% with op. profit up 9%-13%, and International posting top-line growth of (2%)-2% with adj. operating profit being flat-to-down 5%.

INVESTMENT OUTLOOK

In terms of valuation, the U.S. Pharmaceutical and International segment's largest competitors, per filings, are Cencora, Inc. (NYSE: COR) and Cardinal Health, Inc. (NYSE: CAH), which trade at ~16.5x 2026E EPS and ~12x 2026E EV/EBITDA. The Prescription Technology Solutions (or RxTS) and Medical-Surgical Solutions businesses compete with a broad range of national & regional players. For its own part, MCK has traded at ~20.5x and ~12.5x forward earnings and EBITDA, respectively, over the last 10 years and ~27.0x & ~12.5x over the last 5 years. Applying a blended multiple of ~20.5x to estimated 2026E EPS of ~$37.15 implies a preliminary per share value of $761.50 (based on a diluted share count of ~125 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	9.5%	**6**	T Rowe Price Group Inc	3.3%
2	Blackrock Inc	8.7%	**7**	Franklin Resources Inc	2.3%
3	State Street Corp	4.6%	**8**	Geode Capital Management LLC	2.2%
4	Massachusetts Financial Services C	3.7%	**9**	Morgan Stanley	1.9%
5	JPMorgan Chase & Co	3.6%	**10**	Berkshire Hathaway Inc	1.8%

Medtronic plc / Diabetes Business

PARENT	SPIN-OFF	STATUS
Medtronic plc NYSE: MDT Price: $103.20 Dividend / Yield: $2.84 / 2.75% 52-Week Range: $79.00 - $105.00 Market Cap.: ~$132.4 B <u>Fin. Performance F2026E (Parent)</u> Revenue: $35.25 B EBITDA: $10.35 B	*Diabetes Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance (Spin)</u> N/A	Spin-Off Announcement: 5/21/2025 Spin-Off Date: Late 2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Regulatory Approvals and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On May 21, 2025, before the market open, Medtronic plc (NYSE: MDT), a global healthcare technology company based in Ireland but headquartered in Minneapolis, announced the intent to separate its Diabetes business into a standalone public company. The transaction, which is “generally” expected to be tax-free to shareholders, will preferably be accomplished via an initial public offering (IPO) and a subsequent split-off within the next 18 months (i.e., late 2026), subject to customary conditions, including final Board & regulatory approvals. The parent, MDT, expects the deal to be accretive to both gross and operating margins (by 50 bps & 100 bps, respectively), as well as EPS; management also plans to maintain its current dividend policy post-spin. As it relates to SpinCo (i.e. the so-called “New Diabetes Company”), which accounted for ~7.5% of consolidated sales and ~3.5% of operating profit in F2025, management envisions a “scaled” and more focused player in the intensive insulin management industry that will be “appropriately” capitalized.

INVESTMENT OUTLOOK

For its part, over the last 5- and 10-year periods, MDT has traded at ~13x-13.5x forward EV/EBITDA and 18x-18.5x forward EPS while the broader medical device cohort, which could imperfectly include Baxter International (NYSE: BAX), Becton, Dickinson & Co. (NYSE: BDX), GE Healthcare (NASDAQ: GEHC), and Stryker Corp. (NYSE: SYK), trade at ~15x and 17x forward EV and EPS, respectively (in ranges of 9.5x-20.5x and 12.5x-27.5x).

Applying a blended multiple of 13x, based on individual segment margin profiles, to projected F2026E EBITDA and accounting for net debt yields a preliminary, base case, sum of the parts valuation of ~$128.5 billion or ~$100.00 per share (based on a diluted share count of ~1.286 billion).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	9.8%	**6**	Geode Capital Management LLC	2.2%
2	Blackrock Inc	9.2%	**7**	Massachusetts Financial Services C	1.7%
3	State Street Corp	4.7%	**8**	Bank of America Corp	1.7%
4	Capital Group Cos Inc/The	3.6%	**9**	Bank of New York Mellon Corp/The	1.6%
5	JPMorgan Chase & Co	2.9%	**10**	Morgan Stanley	1.5%

Resideo Technologies, Inc. / ADI Distribution Business

PARENT	SPIN-OFF	STATUS
Residio Technologies, Inc. NYSE: REZI Price: $31.27 Dividend / Yield: Nil / N/A 52-Week Range: $14.00 - $45.00 Market Cap.: ~$4.7B <u>Fin. Performance F2026E (Parent)</u> Revenue: ~2.6 B EBITDA: ~629B	*ADI Distribution Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance (Spin)</u> Revenue: ~$4.5B EBITDA: ~$337.5M	Spin-Off Announcement: 7/30/2025 Spin-Off Date: 2H 2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Regulatory, Tax and final Board Approvals Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On July 30, 2025, before the market open, Resideo Technologies (NYSE: REZI), a global provider of smart home products & systems that was itself spun-off from Honeywell International Inc. (NASDAQ: HON) in October 2018, announced its intention to separate its ADI Global Distribution (ADI) division from its Products & Solutions (P&S) business in a tax-free transaction that is expected to be completed in 2H 2026, subject to customary conditions including final Board approval as well as the receipt of regulatory, tax and financing support. (Shareholder consent is not required.)

The separation is purportedly designed to unlock shareholder value by improving operational performance as well as strategic flexibility by creating two more-focused business models that offer investors distinct (and in management's view compelling) investment profiles. To that end, ADI is a global wholesale distributor of low-voltage products, such as security and audio-visual (AV) solutions, and P&S is a building products manufacturer focused on residential controls and sensing solutions. In the trailing twelve months ended March 2025, the ADI segment posted net revenue of $4.5 billion and a segment adjusted EBITDA margin of 7.5% while the P&S segment generated net revenue of $2.6 billion and a segment adjusted EBITDA margin of 24.2%.

In terms of leadership, current chief executive officer (CEO), Jay Geldmacher, will retire, as previously announced, upon completion of the separation and Tom Surran, President of P&S, and Rob Aarnes, President of ADI, will continue leading the standalone Resideo and ADI businesses, respectively.

INVESTMENT OUTLOOK

In terms of guidance, along with the spin announcement, REZI indicated that it expected to report 2Q 2025 results above the high-end of its previous outlook, which called for consolidated sales of $1.805-$1.855 billion, with adjusted EBITDA and EPS of $175-$195 million and $0.51-$0.61, respectively. For the full-year 2025, REZI's most recent commentary targeted sales of $7.285-$7.485 billion along with adj. EBITDA and EPS of $725-$805 million and $2.23-$2.47, respectively (based on a diluted share count of ~150 million). Full-year cash flow from operations is projected to be $345-$405 million, which after a capital spending budget of $140-$145 million, implies free cash flow (FCF) of $205-$260 million. Separately, Resideo also announced it has entered into a definitive agreement with former-parent Honeywell HON) to accelerate and eliminate all future monetary obligations under the Indemnification & Reimbursement Agreement that was arranged leading up the its spin off (again, in October 2018) by making a one-time cash payment of $1.59 billion to HON in 3Q 2025, which will eliminate REZI's ~$140 million of annual payments to the former parent that were scheduled through the end 2043.

Based on a blended peer multiple of ~9.5x 2026E adj. EBITDA as well as projected net debt, including the anticipated payment to HON, yields a preliminary, sum-of-the-parts fair value estimate of ~$4.5 billion or ~$30 per share (based a diluted share count of ~150 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Blackrock Inc	13.2%	**6**	Boston Partners Global Investors I	4.4%
2	Clayton Dubilier & Rice LLC	10.0%	**7**	Fuller & Thaler Asset Management I	4.2%
3	Vanguard Group Inc/The	10.0%	**8**	State Street Corp	3.9%
4	Dimensional Fund Advisors LP	5.3%	**9**	Neuberger Berman Group LLC	2.9%
5	Ariel Investments LLC	4.5%	**10**	Geode Capital Management LLC	2.2%

Spectrum Brands Holdings Inc. / Home & Personal Care Business

PARENT	SPIN-OFF	STATUS
Spectrum Brands Holdings Inc. NYSE: SPB Price: $57.27 Dividend / Yield: $1.88 /~3.25% 52-Week Range: $56.00 - $97.00 Market Cap.: $1.3 B <u>Fin. Performance 2025E (Parent)</u> Revenue: $2.85 B	*Home & Personal Care Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance 2025E</u> Revenue: $1.25 B	Spin-Off Announcement: 7/2/2024 Spin-Off Date: TBD Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC and Board of Directors Form 10: 7/2/2024 * Published Report: 10/18/24

COMPANY & TRANSACTIONS

In February 2022, Spectrum Brands Holdings, Inc. (NYSE: SPB) announced the acquisition of Tristar Products' (private) Appliance & Cookware business, which was combined with the company's existing Home & Personal Care (HPC) segment; concurrently, the company indicated the longer-term intention to separate the combined business from SPB's core Global Pet Care (GPC) and Home & Garden (H&G) businesses. Subsequently, in February 2024, amid a 'restoration of profitability' at HPC, where integration, inflation and inventory challenges had pressured margins in F2022-F2023, management stated that it was "accelerating" its efforts to separate the Home & Personal Care (HPC) business, via a sale, merger, spin-off or other strategic transaction.

On July 2, 2024, after the market close, Spectrum Brands disclosed it had confidentially filed a Form 10 registration statement with the Securities & Exchange Commission (SEC) in connection with its previously disclosed separation plans for the HPC business. In terms of management's most recent commentary regarding the potential transaction, SPB indicated on its 3Q F2024 conference call that given the ongoing improvements at HPC, which is "exceeding last year by every key metric," management remains confident that "the time is right to separate the business." To that end, the company indicated it was still exploring multiple avenues for the separation of its HPC business, including a sale, merger or spin-off transaction. In that context, SPB's chief executive, David Maura, further commented that, "…look, we've got multiple bids from financial players, strategic players on this asset. And we've got the spin path. And so, we just got to work through all those options and see where we come out…there is a lot of interest in this asset."

For additional perspective on management's internal thinking on a spin versus a sale, we note that in the initial commentary following the Tristar announcement, SPB's chief financial officer, Jeremy Smeltser, commented, "I think in an ideal world, we would find a different home, frankly, a strategic home for HPC, where the business can participate in industry consolidation." (That said, while prior comments could suggest a bias in favor of a sale it may be relevant to consider that following the sale of its Hardware & Home Improvement segment in June 2023, company filings indicate management has concluded that "it is more likely than not that the majority of its federal & state deferred tax assets related to loss and credit carryforwards will not create tax benefits in the future.") Subsequently, on the 4Q 2024 earnings call, given the backdrop of the U.S. presidential election and tumult in the Middle East, management indicated the thinking that "across the M&A spectrum actually people put their pencils down, they take their time to see, hey, what's going to happen, but we're updating you today. We're in talks with two of the buyers who want to continue with us and I'm getting on a plane to go meet one of them here in the next weeks. And we'll let you know if we get to a good deal there, but we're continuing to progress it and we're going to continue to manage the business for better fundamental performance going forward." More recently, on the 1Q 2025 earnings call, management commented, "If we can turn to the strategic transaction for HPC. While we're still engaged with several potential buyers on the M&A side, clearly, the changing landscape for U.S. tariffs has created some uncertainty, and that slowed down the dual-track process we undertook last summer. We are pleased that the business continues to perform well, although the time frame for a separation has taken longer…due to these geopolitical factors that are simply outside of our control. We will continue to seek opportunities to maximize value with our HPC business."

Currently, Spectrum Brands, a diversified global branded consumer products and home essentials company, reports results in three segments: 1) Global Pet Care (GPC; 39% of consolidated sales and ~62% of adj. EBITDA), which is itself comprised of two business units, namely Companion Animal (~76% of segment sales) and Aquatics (~24% of segment sales), providing, among other things, dog & cat chews, treats & food, as well as grooming & sanitary/clean up products and consumer & commercial aquarium kits, including tanks, filtration systems, heaters, pumps and the associated accoutrements (e.g., food & cleaners); 2) Home and Garden (H&G; 18.5% of sales and ~24% of adj. EBITDA), which is focused on both household & outdoor pest control, including insect & weed killers/repellants as well as household cleaning products, such as bottled liquids, mops, wipes & markers; and 3) Home & Personal Care (HPC; 42.5% of consolidated sales and ~14% of adj. EBITDA), whose products include small kitchen appliances (e.g., toasters, slow cookers, & air fryers, etc.) along with personal care products (e.g., hair dryers, straighteners, electric shavers, nose & ear trimmers, amongst others).

On a consolidated basis, SPB generated $2.9 billion in September-ended F2023 sales, representing a ~7% year-over-year decline (~8% organically), with adjusted EBITDA of $303 million, a $20 million (or 7% year-over-year) increase, as higher prices and cost reductions offset volume declines. In F2024, consolidated sales were up ~1.5% (organically) to $2.96 billion, as a nearly 8% increase at H&G offset a ~1% sales decline at GPC and a ~1% top-line decline at HPC, while adjusted EBITDA jumped ~35% to ~$372 million, reflecting nearly 300 basis points of margin expansion to 12.5%. This increase reflected significant improvements across the SPB portfolio, as higher sales, lower-cost inventory and internal cost-saving initiatives more than offset a material increase in the company's investment in brand, marketing and product innovation. In F2025, net sales declined ~5% to $2.8 billion, reflecting declines of 6%, 1% and 6.5% at GPC, H&G and HPC, respectively, while adjusted EBITDA fell ~22% to $289 million as volume declines, mix shifts, tariff costs, inflation and currency weighed on profitability.

In terms of the broader context/rationale for the separation of HPC, which had, in all fairness, been well-telegraphed since the transaction announcement in February 2022, was that the $325 million purchase of Tristar's Appliance & Cookware business, at least theoretically, provided the necessary scale (and financial synergies) for the combined business to exist as a standalone, pure-play personal care company. Also, its ultimate separation from SPB would reveal a more efficient/streamlined, as well as higher-margin/higher-growth, parent company focused on the global pet care and home & garden sectors, with each benefiting from more focused management teams and dedicated capital structures. (As well, a transaction would separate what is largely viewed by investors as a "consumer staples, consumables" company in GPC and H&G from what could be more broadly described as a "durable goods-type company" in HPC.) That said, we note that, in practice, since the closing of the Tristar transaction in June 2023, the appliance business has been plagued by integration issues, supply chain & distribution challenges, elevated inventory levels, and product recalls, which, all told, have resulted in HPC's segment adjusted EBITDA profile declining from high-single digits (i.e., north of 8%) in F2019-F2021 to the low-single digits in F2023 (which was a period when segment sales also fell ~9.5%).

In contrast, while the remainder of SPB's businesses (i.e., GPC and H&G) have also endured challenges (including cost inflation & global supply chain disruptions), segment-level profitability has fared better, with adj. EBITDA margins remaining in the mid- to upper-teens. For context, HPC adjusted EBITDA margins totaled 8.3%, 8.1%, 5.0%, and 3.5% in F2020-F2023, respectively. Anecdotally, management attributes the year-over-year increases in profitability to improved gross margins, along with lower inventory costs, the exit of lower-margin products (or SKUs), and benefits from its internal cost improvement initiatives. Additionally, in terms of the overall rationale for the separation, the company expects to realize a degree of multiple expansion post-transaction; to that end, on the 3Q F2024 conference call, SPB's chief executive, David Maura, opined, "Look, I think our bankers and investors believe, as I do, a sale, merger or separation of the appliance unit will cause a multiple uplift on our remaining company."

INVESTMENT OUTLOOK

At current levels, shares of SPB trade at approximately 6.0x F2026E EV/EBITDA estimates, roughly in line with HPC peers (ex-outliers, such as Shark Ninja and P&G), but a discount to public comparisons for the GPC and H&G segments, which trade at ~12x (albeit in wide ranges of ~7.0x-16.5x). On the earnings front, it appears reasonable to forecast that, on a consolidated basis, SPB generates sales just shy of ~$2.7 billion in F2026, with adjusted EBITDA of ~$250 million. In terms of valuation, based on a blended multiple of ~7.0x while accounting for corporate costs, capitalized at the weighted segment average, as well as projected net debt implies a pre-spin, sum-of-the parts fair value of ~$2.15 billion or ~$83 per share.

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	11.2%	**6**	Dimensional Fund Advisors LP	4.3%
2	Pzena Investment Management LLC	10.5%	**7**	Two Sigma Investments LP	4.2%
3	American Century Cos Inc	8.8%	**8**	Alberta Investment Management Corp	3.2%
4	Blackrock Inc	**8.6%**	**9**	David Maura	3.1%
5	Callodine Capital Management LP	7.3%	**10**	GGCP Inc	2.8%

S&P Global Inc. / Mobility Business

PARENT	SPIN-OFF	STATUS
S&P Global Inc. NYSE: SPGI Price: $489.24 Dividend / Yield: $3.84 /~0.75% 52-Week Range: $419.50 - $545.50 Market Cap.: $151.7 B <u>Fin. Performance 2024 (Parent)</u> Revenue: $14.2 B	*Mobility Business s* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance 2024</u> Revenue: $1.6 B	Spin-Off Announcement: 4/29/2025 Spin-Off Date: TBD Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

S&P Global Inc. (NYSE: SPGI), a global data provider, intends to pursue the separation of its mobility division, S&P Global Mobility, into a standalone public company via a spin-off that is expected to qualify as tax-free for shareholders. The company expects the transaction to be completed within 12-18 months, subject to customary requirements and final Board approval. As well, management provided additional information at an Investor Day scheduled for November 13, 2025.

Currently, SPGI operates five business segments: 1) S&P Global Market Intelligence (32% of consolidated sales in 2024); 2) S&P Global Ratings (~30.5% of sales); 3) S&P Global Commodity Insights (~15% of revenue); 4) S&P Global Mobility (11% of sales); and 5) S&P Dow Jones Indices (11.5% of sales). The Mobility segment, which provides automotive data & technology, itself operates with three divisions, including Used Vehicles Sales & Services (including Carfax), Strategy & Product Planning, and New Vehicle Sales & Marketing. In 2024, the business generated ~$1.6 billion in sales, up ~8%, with segment operating income of ~$312 million (or a ~19% margin). Beyond the standard rationale of enhanced management focus & operational flexibility, optimized capital structures & allocation policies management expects the separation will allow Mobility to pursue "near-and long-term growth opportunities, including in used car offerings and expanding both geographically and into adjacent markets."

Concurrent with the spin-off announcement, the company released 1Q 2025 results, which were broadly (albeit modestly) ahead of consensus. That said, given the current macro uncertainty, the company tempered its full-year 2025 outlook, which now calls for consolidated sales growth of 4%-6% (previously 5%-7%), an adj. operating profit margin of 48.5%-49.5% (previously 49%-50%) and adj. EPS of $16.75-17.25 (previously $17.00-$17.25). By segment, the company expects top-line growth at Market Intelligence of 5.0%-6.5% with an operating margin of 33%-34%. Ratings is projected to increase sales at 0%-4% with an adj. EBIT margin of 63%-64%. Commodity Insights is guided to revenue growth of 7.0%-8.5% with an op. margin of 47%-48%. And Indices is expected to grow 5%-7% on the top-line and post an operating margin of 69.5%-70.5%. The Mobility segment is projected to grow sales at a 7.0%-8.5% clip and generate an adj. operating margin of 39%-40%.

INVESTMENT OUTLOOK

In terms of valuation, SPGI's closest peer is Moody's Corp. (NYSE: MCO), which trades at 29x and 21x 2026E EPS and EV/EBITDA, respectively, but could also be compared with a range of information services concerns, including Broadridge Financial Solutions (NYSE: BR), Equifax Inc. (NYSE: EFX), Factset Research Systems (NYSE: FDS), Fair Issac Corp. (NYSE: FICO), Gartner Inc. (NYSE: IT), MSCI Inc. (NYSE: MSCI), Thomson Reuters Corp. (NASDAQ: TRI), TransUnion (NYSE: TRU), and Verisk Analytics Inc. (NASDAQ: VRSK), which, all told, trade at an average EPS and EV/EBITDA multiple of ~32x and 21.5x, respectively.

Applying a blended multiple of ~30.5x to 2026E EPS (or a ~21.5x EV/EBITDA multiple, including debt) implies a preliminary, base case, sum-of-the parts value of ~$178.5 billion or ~$580 per share (based on a diluted share count of ~308 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	10.7%	6	American Century Cos Inc	4.4%
2	Allspring Global Investments Holdi	7.2%	7	Pzena Investment Management LLC	4.2%
3	Invesco Ltd	6.2%	8	David Maura	2.8%
4	BlackRock Inc	4.8%	9	LSV Asset Management	2.6%
5	Dimensional Fund Advisors LP	4.5%	10	FMR LLC	2.4%

Teleflex Incorporated / Urology, Acute Care & OEM Businesses

PARENT	SPIN-OFF	STATUS
Teleflex Incorporated NYSE: TFX Price: $111.39 Dividend / Yield: $1.36 / ~1.0% 52-Week Range: $120.00 - $250.00 Market Cap.: ~$4.9 B Fin. Performance (Parent) Revenue: $3.5 B EBITDA: N/A	*Urology, Acute Care & OEM Businesses* NYSE: N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A Fin. Performance Revenue: $1.4 B EBITDA: N/A	Spin-Off Announcement: 2/27/2025 Spin-Off Date: Mid-2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

Teleflex Incorporated (NYSE: TFX), a global medical technology/device company, announced that its Board had authorized management to pursue the separation of its Urology, Acute Care and OEM businesses into a new, independent, publicly traded company via a tax-free spin-off that is expected to be completed, subject to customary conditions, including final Board, SEC, IRS and other regulatory approvals, in "mid-2026."

Concurrently, TFX announced the acquisition of privately held Biotronik SE & Co.'s vascular interventions business, which was projected to generate €91 million of sales in 4Q 2024, for ~€760 million. To that end, RemainCo, including the Biotronik assets, is expected to generate pro forma sales of ~$2.1 billion, with operations focused on "attractive, high-growth end markets addressing emergent procedures performed primarily in the hospital setting across the Intensive Care Unit, Emergency Department, Catheter Lab, and Operating Room." Meanwhile, SpinCo is expected to generate ~$1.4 billion in revenue (as well as benefit from a "simplified operating model, increased management focus, and a tailored investment and capital allocation strategy"). Following the separation, RemainCo is projected to post "constant-currency revenue growth of 6%+" and "deliver double-digit EPS growth in the first full year following the separation." In that context, the separation is expected to be accretive to TFX's adjusted gross margin and neutral to its adj. operating margin, at least initially, partially due to higher anticipated R&D investments. That said, RemainCo is expected to have "a simplified and nimble operating model with a streamlined manufacturing footprint, transitioning from 19 manufacturing facilities at year-end 2025 to 7 facilities" (with 12 being transferred to SpinCo). Management targets a post-spin leverage ratio of less than 3.0x by the end of 2026 at RemainCo. SpinCo's top-line growth is projected to be in the "low-single" digits on a constant-currency basis with a gross margin in the "mid-50%" range.

In terms of additional guidance, in conjunction with full-year 2024 results, the company, on a consolidated basis, projected top-line "adjusted constant-currency growth of 1% to 2%," which excludes a ~$13.8 million negative impact from the reserves required by the Italian Healthcare System, but assumes ~$55 million (or ~180 bps) of headwinds from foreign currency translation (based on a euro-to-dollar exchange rate of ~1.03). Adjusted EPS is expected to be $13.95-$14.35. Anecdotally, the outlook assumes "continued pressure on our Interventional Urology business due to softness in UroLift." In the OEM business, the company is starting to "increasingly experience temporary delays in customer orders due to a focus on inventory management," which, along with some previously announced contract losses, will result in "negative growth for the year." Additionally, TFX expects the see an impact from "volume-based procurement on the surgical business in China during the year." All told, management indicates that it has established its full-year outlook for revenue and adjusted EPS to reflect what it believes is a "realistic and achievable" level and is highly confident in its ability to deliver at least the low-end of each range. In terms of modeling commentary, 2025 guidance assumes adjusted gross margins of 60.25%-61% and an adjusted operating margin of 26.6%-27.0%. Net interest expense, including the impact of the recently announced $300 million accelerated share repurchase authorization, as well as the Biotronik acquisition, is projected to be $75 million, while the adjusted tax rate and share count are contemplated to be ~13.5% and ~45.5 million, respectively. Anecdotally, the 2025 guidance includes tariffs that have already been enacted, but does not contemplate any newly-proposed tariffs. To that end, TFX states that the "most significant exposure to tariffs on U.S. imports is associated with manufacturing facilities in Mexico. Any implementation of tariffs on medical device products in this geography would have a negative impact on the financial results." Lastly, the company's full-year outlook incorporates the expectation of 1Q 2025 sales to be down 3%-4% on a constant-currency basis, excluding the estimated negative impact from changes in foreign currency exchange rates of $14 million.

INVESTMENT OUTLOOK

In terms of valuation, Teleflex could be compared with a wide range of medical device/technology companies, including Align Technology (NASDAQ: ALGN), The Cooper Companies (NASDAQ: COO), Edward Lifesciences (NYSE: EW), Globus Medical (NYSE: GMED), Hologic Inc. (NASDAQ: HOLX), ICU Medical (NASDAQ: ICUI), Integra LifeSciences (NASDAQ: IART), Intuitive Surgical (NASDAQ: ISRG), LivaNova (NASDAQ: LIVN), ResMed Inc. (NYSE: RMD) and Steris Plc (NYSE: STE), which trade at ~17x 2026E EPS (albeit in a range of ~8.0x-22.0x). Applying 12.5x and 8.0x multiples to the estimated pro-rata share of forecasted 2026E earnings for RemainCo and SpinCo implies segment values of $128 and ~$29 per share, respectively, or an initial pre-spin sum-of-the-parts valuation of ~$157 per share (based on a diluted share count of 45.5 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	T Rowe Price Group Inc	13.5%	**6**	State Street Corp	4.4%
2	Vanguard Group Inc/The	12.0%	**7**	Geode Capital Management LLC	2.5%
3	Janus Henderson Group PLC	11.3%	**8**	Cooke & Bieler LP	2.3%
4	Blackrock Inc	8.1%	**9**	Invesco Ltd	2.3%
5	Morgan Stanley	7.1%	**10**	UBS AG	1.3%

The Kraft Heinz Company / North American Grocery Business

PARENT	SPIN-OFF	STATUS
The Kraft Heinz Company NYSE: KHC Price: $25.23 Dividend / Yield: $1.60 / ~6% 52-Week Range: $25.50 - $36.25 Market Cap.: ~$29.9 B <u>Fin. Performance F2026E (Parent)</u> Revenue: $15.4 B EBITDA: $4.0 B	*North American Grocery Business* N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A <u>Fin. Performance (Spin)</u> Revenue: ~$10.4 B EBITDA: ~$2.3 B	Spin-Off Announcement: 9/2/2025 Spin-Off Date: 2H 2026 Tax Status: Tax-free Spin-Off Ratio: TBD Prerequisites: Approvals from regulators and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On September 2, 2025, before the market open, The Kraft Heinz Company (NASDAQ: KHC), a global packaged food company, announced plans to separate into two, independent, publicly traded companies, currently named "Global Taste Elevation Co." & "North American Grocery Co." as placeholders, in a tax-free spin-off transaction that is expected to be completed in 2H 2026, subject to customary conditions, including final Board approval (which is a group that we would note approved this measure unanimously). For context, KHC, which was formed via the merger of Kraft & Heinz in 2015, announced a strategic review of its operations in May 2025.

In terms of rationale, which we would anecdotally note was met with a degree of skepticism on the conference call, as it seemingly unwinds many of the purported synergies (most notably scale) underpinning the original combination back in 2015, the separation is aimed at reducing operational complexity within the company's sprawling portfolio and improving management focus to the benefit of growth, margins and capital allocation. On the latter front, management expects both standalone companies to generate "ample discretionary cash flow," which will facilitate organic growth initiatives, capital returns to shareholders, opportunistic M&A as well as the maintenance, in aggregate, of the current dividend level. On the capital structure front, while more granular details will be forthcoming, management expects both entities will maintain investment grade credit ratings (although it seems that the Taste Elevation business, at least in the aggregate, will likely retain a larger portion of KHC's existing indebtedness).

Currently, the company reports results in three geographically focused segments: 1) North America (75.5% of consolidated sales and 85.5% of adj. operating income in 2024); 2) International Developed Markets (13.5% of sales and 9% of adj. operating income); and 3) Emerging Markets (11% of consolidated sales and 5.5% of adj. operating income). That said, the impending split contemplates two independent concerns (whose names are, again, to be determined): 1) Global Taste Elevation, which generated ~$15.4 billion of sales and ~$4.0 billion in adj. EBITDA in 2024 and will be primarily focused on so-called shelf-stable "sauces, spreads and seasonings" with well-known brands such as Heinz (e.g., ketchup & mustard), Philadelphia (i.e., cream cheese) and Kraft Mac & Cheese; and 2) North American Grocery Co., which generated sales of ~$10.4 billion and adj. EBITDA of ~$2.3 billion in 2024, which will be led by current KHC Chief Executive Carlos Abrams-Rivera and focus on a portfolio of billion-dollar brands, including Oscar Mayer (i.e., packaged meats), Kraft Singles (i.e., cheese) and Lunchables (i.e., packaged meals).

Anecdotally, on the spin-off announcement conference call, management intimated that the Taste Elevation business is likely to grow at a rate toward the upper-range of the company's long-term top-line growth target of 2%-3%, while North American Grocery should experience "very" low-single digit top-line growth over the long-term (although the company intends to provide more details at an investor event prior to the transaction's completion). Management expects roughly $300 million of dis-synergies associated with the separation albeit with "clear opportunities" to "mitigate a substantial portion" of those costs in "the near term."

INVESTMENT OUTLOOK

In terms of near-term guidance, the company has previously provided a consolidated 2025 outlook calling for a full-year organic net sales decline of 1.5%-3.5%, with constant-currency adj. operating income down 5%-10% (notably, this outlook includes the impact of lapping lower variable compensation in 2024, which is an approximate 150 basis point headwind, as well as assuming an adj. gross profit margin that is expected to compress ~25-75 basis points). Adjusted EPS is projected to be $2.51-$2.67, assuming an effective tax rate of ~26%, representing a ~$0.23 headwind year-over-year. (Anecdotally, the increase in the effective tax rate is primarily driven by the impact of several countries enacting the global minimum tax regulations, which are partially offset by the annual go forward benefit related to the transfer of business operations that were completed in 4Q 2024.) Interest expense is expected to be ~$960 million, with other expense/(income) of (~$230) million for the full year 2025. Free cash flow (FCF) is projected to be roughly flat versus the prior year, implying a conversion rate of at least 95%. (Anecdotally, KHC's FCF outlook reflects working capital efficiencies and lower cash outflows for variable compensation, partially offset by higher cash taxes, which, again, are primarily driven by the impact of several countries enacting the global minimum tax regulations.)

In terms of valuation, Kraft Heinz could be compared with, among others, The Campbell Soup Co. (NASDAQ: CPB), Conagra Brands (NYSE: CAG), General Mills (NYSE: GIS), Hormel Foods (NYSE: HRL), and The J.M. Smucker Co. (NYSE: SJM), which, on average trade at 10x 2026E EV/EBITDA (in a range of ~8x-13x). Applying a slightly discounted blended multiple of ~9.0x (i.e., 9.5x & 8.5x based on margin disparities) to projected 2026 adj. EBITDA implies total segment value of ~$55 billion. Accounting for projected net debt yields a total value of $35.5 billion or ~$30 per share (based on a diluted share count of 1,185 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Berkshire Hathaway Inc	27.5%	6	UBS AG	1.9%
2	Vanguard Group Inc/The	8.7%	7	Invesco Ltd	1.5%
3	Blackrock Inc	8.2%	8	Morgan Stanley	1.3%
4	State Street Corp	3.9%	9	Hotchkis and Wiley Capital Managem	1.3%
5	Geode Capital Management LLC	2.2%	10	Damme Alexandre Van	1.2%

The Middleby Corporation / Food Processing Business

PARENT	SPIN-OFF	STATUS
The Middleby Corporation NYSE: MIDD Price: $115.69 Dividend / Yield: N/A 52-Week Range: $118.50 - $183.00 Market Cap.: ~$5.8 B Fin. Performance (Parent) Revenue: $3.875 B EBITDA: ~$866.5 M	*Food Processing Business* NYSE: N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A Fin. Performance Revenue: $732 M EBITDA: $187 M	Spin-Off Announcement: 2/25/2025 Spin-Off Date: Early 2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

The Middleby Corporation (NASDAQ: MIDD), a global foodservice provider of cooking equipment, industrial processing equipment, and residential appliances, intends to pursue the separation of its Food Processing business into a new, independent, publicly traded company via a tax-free spin-off that is expected to be completed, subject to customary conditions, including final Board, SEC, IRS and other regulatory approvals, in "early-2026." Concurrent with the spin-off announcement, MIDD also added activist investor, Ed Garden (formerly of Trian and a ~1.4% holder), as well as Julie Bowerman (the Chief Marketing Officer at J&J spin-off, Kenvue), to its Board (while announcing the retirement of long-time Director, John Miller, at the 2025 Annual Meeting).

Currently, MIDD operates three primary business segments: 1) the Commercial Foodservice Equipment Group (~62.5% of consolidated sales and ~72% of adj. EBITDA in 2024); 2) the Food Processing Equipment Group (~19% of sales and ~20% of adj. EBITDA); and 3) the Residential Kitchen Equipment Group (18.5% of consolidated sales and 8% of adj. EBITDA in 2024). On a consolidated basis, MIDD has guided to full-year 2025E sales of $3.81-$3.87 billion with adjusted EBITDA and EPS of $770-$800 million and $8.65-$9.05, respectively. In terms of capital allocation, within a targeted net leverage ratio of 2.0x-2.5x (versus 2.3x at the end of 2Q 2025) the company expects to use the "vast majority of annual free cash flow toward share repurchases," with the broader expectation of reducing the total shares outstanding by 6%-8% per year. On a normalized basis, capital expenditures are contemplated to be ~2% of consolidated sales and, at least anecdotally, the company has targeted segment margin profiles at the Commercial, Residential and Food Service segments of 30%, 25%, and 25%, respectively, over the longer term. Additionally, management recently indicated that, "Taking a longer term more general view with our new capital allocation philosophy and assuming more normalized market conditions, we believe we can deliver annual earnings per share growth in the high single to low double-digit range. In some years, we could certainly be higher or lower than this range due to unforeseen circumstances. But on average, we believe this is reasonable and achievable goal given our market position and positive outlook."

Per management (and filings), in 2024, the Food Processing assets that are contemplated to be separated (i.e., SpinCo) generated sales of $732 million, with adjusted EBITDA of $187 million (on a margin profile of ~25.5%,). At RemainCo, the Commercial Foodservice business produced 2024 sales of ~$2.4 billion, with $664 million of adjusted EBITDA (on a margin of nearly 27.5%) while the Residential Kitchen business posted sales of ~$725 million, with $74 million of adj. EBITDA (on a ~10% margin). Anecdotally, the Food Processing business is expected to come to market with less leverage than the parent, due to a robust acquisition pipeline. (For context, MIDD ended 2Q 2025 with a net leverage ratio of 2.3x compared with its 2.0x-2.5x target and leverage covenant of 3.75x, which can be flexed up to 4.25x in conjunction with qualified acquisitions.)

Beyond the standard rationale of enhanced focus & operational flexibility, optimized capital structures & allocation policies, as well as the potential for multiple expansion, management indicates that SpinCo "will become an even more focused and scaled entity, with best-in-class solutions serving attractive markets supported by favorable industry trends," with significant growth potential both organically and via M&A (where the pipeline of deals remain "robust"). RemainCo is poised to extend its "market leadership in commercial foodservice and residential kitchens," as well as fully capitalize on its "synergistic portfolio of product innovations and premium brands as we further expand our top-tier margins and continue to grow our cash generation."

INVESTMENT OUTLOOK

In terms of valuation, RemainCo (i.e., the Commercial & Residential businesses) competes with a range of companies, including Electrolux AB (ELUXB SS), Haier Smart Home (600690 CH), Hoshizaki Corp. (6465 JT), Illinois Tool Works Inc. (NYSE: ITW), which owns Hobart & Vulcan-Hart, Midea Group Co. (000333 CH), Panasonic Holdings Corp. (6752 JT), and Rational AG (RAA GY) as well as, more so on the residential front, LG Electronics Inc. (066570 KS), Samsung Electronics Co. (005930 KS), Whirlpool Corp. (NYSE: WHR), Bosch Ltd. (BOS IN), and Thermador Group (THEP FP) while the Food Service business, at least in the public markets, could be compared with JBT Marel Corp. (NYSE: JBTM) and GEA Group AG (G1A GY), which trade at ~12.5x. For its part, MIDD has traded at 12.0x-12.5x forward EV/EBITDA over the last 5- and 10-year periods.

Applying a blended multiple of ~11.5x EV/EBITDA to 2026E EBITDA for RemainCo and a ~10.5x multiple at SpinCo implies values of ~$8.275 billion and nearly $1.75 billion, respectively. Accounting for corporate costs, capitalized at the blended corporate average, as well as projected net debt yields a base case, sum-of-the-parts valuation of ~$7.55 billion or ~$150 per share (based on a diluted share count of ~50.5 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Select Equity Group LP	11.7%	6	Garden Edward P	4.9%
2	Vanguard Group Inc/The	9.8%	7	Morgan Stanley	4.4%
3	Blackrock Inc	8.8%	8	Bank of America Corp	4.2%
4	Wellington Management Group LLP	7.5%	9	T Rowe Price Group Inc	3.5%
5	Victory Capital Management Inc	5.2%	10	Turtle Creek Asset Management Inc	3.5%

Warner Bros. Discovery, Inc. / Streaming & Studios Business

PARENT	SPIN-OFF	STATUS
Warner Bros. Discovery, Inc. NYSE: WBD Price: $22.86 Dividend / Yield: N/A 52-Week Range: $6.65 - $12.70 Market Cap.: ~$56.6 B Fin. Performance (Parent) Revenue: $42.1B EBITDA: $9.2B	*Streaming & Studios Business* NYSE: N/A Price: N/A Dividend / Yield: N/A 52-Week Range: N/A Market Cap.: N/A Fin. Performance Revenue: N/A EBITDA: N/A	Spin-Off Announcement: 6/9/2025 Spin-Off Date: Mid-2026 Tax Status: Tax-free Spin-Off Ratio: N/A Prerequisites: Approval from SEC, IRS and Board of Directors Form 10: N/A Published Report: N/A

COMPANY & TRANSACTIONS

On June 9, 2025, before the market open, Warner Bros. Discovery, Inc. (NASDAQ: WBD), a global media & entertainment company formed by the Reverse Morris Trust merger of WarnerMedia (previously a part of AT&T) and Discovery in April 2022, announced its intention to separate its Streaming & Studios and Global Networks businesses in a tax-free transaction expected to completed by mid-2026, subject to customary conditions, including final Board approval and the receipt of IRS/SEC assurances. The Streaming & Studios business, in which the parent company will retain a 20% stake, will include Warner Bros. Television, Warner Bros. Motion Picture Group, DC Studios, HBO & HBO Max, Warner Bros. Games, Tours, Retail & Experiences as well as existing studio production facilities (in CA and the UK) and the associated properties' film & television content libraries.

The Global Networks business will include WBD's entertainment, sports & news brands, including CNN, TNT Sports and Discovery, along with the company's digital products/properties, including Discovery+ and the Bleacher Report (B/R). Recent management commentary has suggested that the company is targeting an April 2026 completion for the spin-off transaction; that said, it has recently been widely reported in the business press that Paramount Skydance (NASDAQ: PSKY) may be planning a takeover bid, which has been speculated to potentially be in the $22-$24 per share range (implying a ~10.x-10.5x multiple). It has also been reported that, for its part, WBD may be seeking a purchase price more in the $30-$40 range from a wider range of suitors, including Netflix (NASDAQ: NFLX) and Comcast (NASDAQ: CMCSA).

WBD's current President & Chief Executive (CEO) David Zaslav is expected to take the helm at Streaming & Studios, while WBD's current Chief Financial Officer (CFO) is expected to take the reins at Global Networks. Beyond the standard rationale of more focused management and investor bases, as well as better tailored capital structures & allocation policies, we would note that this transaction's announcement also comes in the context of Comcast's decision to spin off its cable networks business in November 2024, as well as WBD's December 2024 move to reorganize its business into a holding company structure with two reportable operating divisions: 1) Global Linear Networks (~48% of consolidated sales and ~78% of adj. EBITDA in 2024); and 2) Streaming & Studios, albeit with three reportable segments, including Studios, Networks and DTC (or direct-to-consumer). In terms of guidance, the company has articulated the expectation that its Streaming business was on track to generating "at least $1.3 billion" in adjusted EBITDA in 2025 and that Studios is "on a path back to their target of at least $3 billion in annual adjusted EBITDA."

INVESTMENT OUTLOOK

In terms of valuation, the Networks business could be imperfectly compared with AMC Networks Inc. (NASDAQ: AMCX) and EchoStar Corp. (NASDAQ: SATS), which acquired DISH Network in January 2024, as well as other linear network & broadcast peers, such as Tegna Inc. (NYSE: TGNA), Nexstar Media (NASDAQ: NXST), Gray Media (NYSE: GTN), FOX Corp. (NASDAQ: FOXA), Sinclair Inc. (NASDAQ: SBGI), and The E.W. Scripps Co. (NASDAQ: SSP), which trade at ~6.0x 2026E EV/EBITDA. Studios assets, such as DreamWorks, Pixar, Marvel, MGM, Twenty-First Century Fox, Lucas Films and Skydance, have, by our calculation, have historically garnered a low-to-mid teens average multiple (albeit in a wide range of ~10x-37x) while streaming assets, such as Netflix, Inc. (NASDAQ: NFLX), Spotify Technologies (NYSE: SPOT) and Roku, Inc. (NASDAQ: ROKU), trade at nearly 30x (in a range of 18.5x-37.0x).

Applying a ~9.5x blended multiple to 2026E adj. EBITDA yields segment value of ~$83 billion. Accounting for corporate costs, capitalized at the segment average, as well as projected net debt, yields a preliminary, sum-of-the-parts fair value estimate of more than $52 billion or ~$21 per share (based a diluted share count of 2,475 million).

PARENT TOP 10 SHAREHOLDERS

		% Ownership			% Ownership
1	Vanguard Group Inc/The	10.4%	6	Geode Capital Management LLC	2.4%
2	Advance/Newhouse Programming Partn	8.0%	7	Invesco Ltd	1.8%
3	Blackrock Inc	7.0%	8	UBS AG	1.6%
4	State Street Corp	6.9%	9	Norges Bank	1.4%
5	Harris Associates LP	3.9%	10	Sessa Capital IM LP	1.2%

LIST OF EUROPEAN TAX-FREE SPIN-OFFS

The spin-offs listed here are occurring outside the US and are therefore not covered by The Spin-Off Report. In-depth analysis of these spin-offs is provided by European Spin-Off Report. For further information on European Spin-Off Report, please contact PCS Research Services at 212-233-0100.

Parent	Ticker	Country	Spin-Off	Ticker	Country	Dates of Importance: Announced Date	Ex Date
Upcoming Spin-Offs							
SKF AB	SKFB SS	Sweden	Automotive Business			Sept. 17, 2024	1H 2026
Hexagon AB	HEXAB SS	Sweden	Asset Lifecycle Intelligence			Oct. 24, 2024	1H 2026
Unilever PLC	UNA UA	England	Ice Cream Business			Nov. 22, 2024	Late 2025
Aptiv PLC	APTV	Ireland	Electrical Distribution Systems Business			Jan. 22, 2025	1Q 2026

Parent	Ticker	Country	Spin-Off	Ticker	Country	Announced Date	Ex Date
Recently Completed Spin-Offs							
Continental AG	CON GY	Germany	Automotive Business			Dec. 9, 2024	9/18/2025
Holcim Ltd	HOLN SW	Switzerland	Amrize	AMRZ	U.S.	Jan. 29, 2024	June 20, 2025
Liberty Global Ltd.	LBTYA	U.S.	Sunrise Communications	SUNN SW	Switzerland	Feb 16, 2022	Nov 15, 2024
Sodexo SA	SW FP	France	Pluxee	PLX FP	France	Apr 15, 2023	Feb 1, 2023
Solvay SS	SOLB BB	Belgum	Syensqo	SYENS BB	Belgum	Mar 15, 2022	Dec 11, 2023
Novartis AG	NOVN SW	Switzerland	Sandoz Group AG	SDZ SW	Switzerland	Aug 18, 2023	Oct 4, 2023
Melrose Industries PLC	MRO LN	UK	Dowlais Group PLC	DWL LN	UK	Sep 8, 2022	Apr 20, 2023
ABB Ltd.	ABBN SW	Switzerland	Accelleron Industries Ltd	ACLN SW	Switzerland	July 20, 2022	Oct. 3, 2022
GalaxoSmithKline plc	GSK LN	UK	Haleon Plc	HLN LN	UK	June 23, 2021	July 18, 2022
Sulzer Ltd	SUN SW	Switzerland	medmix	MEDX SW	Switzerland	May 27, 2021	Sept. 20, 2021
Allgeier SE	AEIN GR	Germany	Nagarro Group SE	NA9 GR	Germany	Aug 21, 2020	Dec 2020
Investec plc	INVP LN	UK	Ninety One plc	N91 LN	UK	Sep 14, 2018	March 13 2020
Elextrolux AB	ELUXB SS	Sweden	Electrolux Professional	EPROB SS	Sweden	Jan 31, 2019	March 23, 2020
Prudential plc	PRU LN	UK	M&G	MNG LN	UK	Mar 14, 2018	Oct 21, 2019
Novartis AG	NOVN SW	Switzerland	Alcon Eye Care Business	ALC SW	Switzerland	Jul 30, 2018	April 8, 2019
A.P. Moller - Maersk A/S	MAERSKB DC	Denmark	Maersk Drilling	DRLCO DC	Denmark	Aug 17, 2018	Arpil 4, 2019
Modern Times Group MTG AB	MTGB SS	Sweden	Nordic Entertainment Group	TBA	Sweden	Mar 23, 2018	March 26, 2019
Old Mutual Plc	OML LN	UK	Quilter PLC	QLT LN	UK	Jun 28, 2016	Jun 26, 2018
Atlas Copco AB	ATCOA SS	Sweden	Epiroc AB	EPIA SSA	Sweden	Jan 16, 2017	Jun 18, 2018
BGEO PLC	BGEO LN	UK	Georgia Capital	CGEO LN	UK	Jul 03, 2017	May 29, 2018
Getinge AB	GETIB SS	Sweden	Patient & Post-Acute Care Business	ARJOB SS	Sweden	Oct 18, 2016	Dec 12, 2017
NKT Holding A/S	NKT DC	Denmark	Nilfisk Holding A/S	NLFSK DC	Denmark	Sep 21, 2016	Oct 12, 2017
Metro AG	MEO GR	Germany	Ceconomy AG	CEC GR	Germany	Mar 30, 2016	July 12, 2017
Actelion	ATLN SIX	Sweden	Idorsia	IDIA SW	Switzerland	Jan 26, 2017	June 16, 2017
Svenska Cellulosa AB SCA	SCAB SS	Sweden	Essity AB	ESSITYB SS	Sweden	Aug 24, 2016	June 15, 2017
Lundin Petroleum AB	LUPE SS	Sweden	International Petroleum Corp.	IPCO CN	Canada	Feb 13, 2017	April 24, 2017

Source: Bloomberg, and Institutional Research Group