

**Honeywell To Acquire Elster, A Global Leader In Gas Heating, Controls, Metering, And Advanced Technologies**

- **Attractive Portfolio With Great Positions in Good Industries**
- **Differentiated Gas Technologies Fit Strongly with Honeywell Portfolio and Customers**
  - **Gas, Water, and Electricity Metering Add Attractive Adjacencies**
- **Energy Efficiency Focus Connects to Honeywell's Global Growth Strategy**
  - **Enhances Honeywell's Profile in High Growth Regions**
  - **Creates New Platform for Organic and Inorganic Growth**
- **No Impact to 2015 Guidance; Minor Dilutive Impact to 2016 EPS**

MORRISTOWN, N.J., July 28, 2015 /PRNewswire/ -- Honeywell (NYSE: HON) today announced that it has signed a definitive agreement to acquire the Elster Division of Melrose Industries plc, a leading provider of thermal gas solutions for commercial, industrial, and residential heating systems and gas, water, and electricity meters, including smart meters and software and data analytics solutions, for approximately \$5.1 billion. Elster also manufactures flow computers and regulators for the gas industry. Elster consensus sales for 2015 are estimated to be \$1.8 billion. The price translates to approximately 12.6 times Elster's estimated 2015 consensus earnings before interest, taxes, depreciation, and amortization (EBITDA), and the acquisition is anticipated to occur in the first quarter of 2016. The agreement is subject to customary closing conditions, including regulatory review and Melrose shareowner vote.

"The acquisition of Elster will generate strong future returns for Honeywell's shareowners because it increases our growth profile globally – creating both organic and inorganic growth opportunities – and because Honeywell can run this company effectively and accelerate its growth through our complementary technologies, software knowledge, and presence in High Growth Regions," said Honeywell Chairman and CEO Dave Cote. "Elster has outstanding technologies, brands, energy efficiency know-how, and global presence, all of which we are very well-positioned to build on. Elster also creates a new platform for acquisition targets for Honeywell that will be additive to the business' growth and global presence. We will see immediate benefits to Honeywell's portfolio, accelerating into 2016 and 2017. This is a great acquisition for Honeywell and our shareowners."

"The Elster acquisition proves that we are staying true to our disciplined M&A approach and integration processes because it's a model that has worked very well for us," said Cote. "During the past decade, we have completed more than 80 acquisitions adding approximately \$12 billion in revenues. We will continue to look for good acquisitions to enhance our growth profile. We see Elster as a great opportunity to deploy our operating model and key process initiatives to grow the business, enhance our position globally, and drive significant returns to shareowners over the long-term. The Honeywell Operating System (HOS) will be a major factor in creating new synergies that will increase the growth and profitability of each of Elster's businesses."

Elster employs approximately 6,800 people with major locations in the United States, Germany, the United Kingdom, and Slovakia. The company maintains an impressive installed base with more than 200 million metering modules deployed over the course of the last 10 years alone.

"This acquisition will allow us to improve customer value with technologies and lifecycle management solutions for industrial end users served by Honeywell's Environmental Combustion and Controls and Process Solutions businesses," continued Cote. "Elster's gas business offers products in high demand among natural gas customers and brings a strong, global distribution network and numerous cross-selling opportunities for existing Honeywell technologies to new customers in both developed and High Growth Regions."

"Elster's gas, electric, and water meters are highly valued for their reliability, safety, and accuracy. Elster has a world-class reputation for delivering on the operational efficiency and regulatory certification requirements of utility customers globally. We expect that energy efficiency initiatives and mandates and the increased need for

natural resource management will drive meaningful and sustained growth for Honeywell in the metering segment. Utility metering in particular is rapidly evolving as new 'smart' technologies and software and data analytics capabilities are becoming adopted around the world and we expect strong growth from this segment globally. Elster's differentiated technologies, extensive industry expertise, and relationship with utility customers globally – combined with their strong positions in the highly regulated heating, controls, and metering segments – are a great fit for Honeywell's portfolio," concluded Cote.

There is no change to the 2015 full year guidance Honeywell provided in its second quarter earnings release. Honeywell expects that the dilutive impact of the transaction on its 2016 Earnings Per Share to be minor.

Honeywell will discuss the proposed acquisition of Elster during an investor conference call today starting at 9:00 a.m. EDT. To participate, please dial (800) 500-0920 (domestic) or (719) 457-2677 (international) approximately ten minutes before the 9:00 a.m. EDT start. Please mention to the operator that you are dialing in for Honeywell's investor conference call or provide the conference code 2329021. The live webcast of the investor call as well as related presentation materials will be available through the "Investor Relations" section of the company's Website ([www.honeywell.com/investor](http://www.honeywell.com/investor)). Investors can hear a replay of the conference call from 12:30 p.m. EDT, July 28, until 12:30 p.m. EDT, August 4, by dialing (888) 203-1112 (domestic) or (719) 457-0820 (international). The access code is 2329021.

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This release contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this release are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting our operations, markets, products, services and prices. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.

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