THE SPIN-OFF REPORT

September 13, 2016

Honeywell International Inc. (Pre-Spin)

Current Share Price (9/12/16): $113.49
Fair Value Estimate: $122 per share
Shares Outstanding: 760.9 million
Market Capitalization: $86.4 billion

Ticker: HON
Dividend: $2.38
Yield: 2.1%

Honeywell International Inc. (Post-Spin)

Fair Value Estimate: $121 per share
Shares Outstanding: 760.9 million
Market Capitalization: $92.3 billion

Ticker: HON
Dividend: TBD
Yield: N/A

AdvanSix Inc.

Fair Value Estimate: $28 per share
Shares Outstanding*: 30.4 million
Market Capitalization: $859 million

Ticker: ASIX
Dividend: Nil
Yield: N/A

*ASIX shares outstanding reflect 1:25 share distribution.
TBD – To be determined. N/A – Not applicable.
Note: Market capitalization is based on fair value estimate for post-spin entities and current market cap for pre-spin Honeywell International Inc.

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Investment Thesis

On May 12, 2016, Honeywell International Inc. (NYSE: HON) announced that it intended to spin off its resins and chemicals business as an independent, publicly traded company, to be named AdvanSix Inc. The spin-off is expected to be tax-free to shareholders. On September 7, 2016, HON's board of directors declared a pro rata dividend of AdvanSix common stock to be made on October 1, 2016 to HON shareholders of record as of September 16, 2016. Shareholders of record will receive one share of AdvanSix for every 25 shares of HON owned as of the record date. AdvanSix shares will begin regular-way trading on the NYSE under the symbol "ASIX" on October 3, 2016; when-issued trading is expected to begin on or about September 14, 2016, two days prior to the record date.

Honeywell International is a multi-industry, global industrial conglomerate, with annual sales in excess of $38 billion. The company operates under three segments: Aerospace, Automation and Control Solutions (ACS), and Performance Materials and Technologies (PMT). Aerospace is the largest contributor to revenue and operating income at 39.5% and 43.1%, respectively. ACS contributes 36.6% and 31.0%. AdvanSix, which is currently part of the PMT segment, is a leading manufacturer of nylon 6, a polymer resin that is a synthetic material used in a wide range of products, including engineered plastic, fibers, filaments, and films, that in turn are used in automotive and electronic components, carpets, sports apparel, and industrial packaging, among other end products. AdvanSix generated $1.3 billion in revenue in 2015.

HON has employed a strategy of growth through acquisitions and divestitures, which has begun to benefit the top line for the company, while operational improvements (plant efficiencies) have increased margins. The most significant headwind to overall revenue growth has been currency (i.e., a stronger dollar), as it appears organic sales growth has generally begun to return across the segments, albeit at a low-single-digit rate. Moving forward, the company should benefit from a cyclical upswing in demand, easing of currency headwinds, and the operational efficiencies previously mentioned to drive earnings growth. The exception to the return of organic growth has been at PMT, which has seen revenue fall due to commodity price declines and increased competition from Chinese manufacturers. As a standalone entity, ASIX may have more focus and strategic flexibility to pursue its own growth-via-acquisition strategy.

On a pre-spin, sum-of-the parts basis, HON is assigned a fair value estimate of $122 per share, consisting of $1.13 per share of AdvanSix and $121.35 per share of post-spin Honeywell. On a post-spin basis, by our calculations, shares of ASIX are fairly valued at $28 per share, reflecting the 1:25 distribution ratio.

It should be noted that the pre-spin sum-of-the-parts could be viewed as if a pre-spin purchase of HON would result in shares of ASIX being distributed as a free dividend. Additionally, a significant portion of the implied upside comes from the parent company being rerated. HON currently trades at 10.2x and 15.4x consensus 2017E EBITDA and P/E, respectively, representing a 15% and 20% discount to the peer group average. Initial trading in HON post-spin may approximate the current trading multiple. In the longer term, HON's share performance following the spin-off of ASIX will likely depend on the company's financial performance over the next two to four quarters before a full rerating comes to fruition.

Investors should consider the potential post-spin trading patterns of the separate entities. In our view, the ASIX shares are likely to encounter selling pressure upon separation for a couple of reasons, the most prominent being the difference in the relative size and focus of the two companies. AdvanSix is far smaller than the large-cap Honeywell; as such, it will likely not be included in the S&P 500 as the parent currently is. Additionally, the scarcity of shares should also be noted, as, with only 30.4 million shares outstanding, the stock is likely to be fairly illiquid. Second, the investor base that currently owns HON likely does so for exposure to the industrial component rather than for exposure to the currently depressed specialized chemical business. Given these characteristics, a degree of volatility should be expected in the initial trading of ASIX shares.

However, a longer-term fundamental case for owning ASIX can be made for investors willing to ride out the current depressed earnings ASIX is experiencing given its commodity exposure. Pricing for caprolactam, nylon 6, and nitrogen-based fertilizers is currently depressed due to low input costs and increased exports from China. The timing of a pricing rebound is uncertain; however, if the company is able to expand EBITDA margins modestly, shares of ASIX could be valued at over $35 per share. ASIX's backward integration, plant yields, and low-cost producer status provide a competitive advantage, which would appear to make margin expansion achievable in a better commodity pricing environment. Considering the expectation that initial trading in ASIX could come under pressure, a timely buy of ASIX shares in initial regular-way trading at levels below our fair value estimate may provide attractive returns for a longer-term investor.

Company Description

In 1885 Albert Butz, a U.S.-based inventor who immigrated from Switzerland in the 1850s, invented the damper flapper, which allowed for the use of a thermostat to control a coal fire furnace, and created the Butz Thermo-Electric Regulator Co. Over the years the company was acquired several times before eventually merging with Honeywell Heating Specialty Co. in 1927 to form the Minneapolis-Honeywell Regulator Co. (Honeywell Heating Specialty Co., founded in 1904 by Mark Honeywell, specialized in hot water heat generators). Over the company's history, it entered various industries such as computers, aeronautical equipment, fire detection and alarm systems, among others, as well as introducing iconic products such as the T-86 "Round" thermostat, which is still used in households around the world. The company changed its name to Honeywell Inc. in 1963.

Today Honeywell International Inc. (NYSE: HON) is a multi-industry, global industrial conglomerate headquartered in Morris Plains, NJ, with operations in about 70 countries and with over 129,000 employees. The company's diversified products can be loosely categorized as falling into aerospace, automation and control solutions, and performance materials and technologies. Exhibit 1 details HON's businesses and technologies by product category.

Exhibit 1 Honeywell International Inc.: Business and Technology Overview

Aerospace	
Businesses:	Technologies:
Commercial OE (Original Equipment)	Cockpit systems
Commercial Aftermarket	Runway and flight safety technology
Defense & Space	Air traffic management
Transportation Systems	SATCOM and connectivity
	Propulsion
	Precision guidance
	Wheels and brakes
	Logistics services
	Gasoline, diesel, hybrid, and fuel cell turbochargers with variable nozzle technology

Automation and Control Solutions	
Businesses:	Technologies:
Environmental and Energy Solutions	Home comfort and security
Honeywell Industrial Safety	Building control systems
Honeywell Security and Fire	Smart Grid/demand response technology
Sensing and Productivity Solutions	Scanning and mobile computers
Honeywell Building Solutions	Fire alarm systems and gas detection
	Personal protective equipment
	Automatic identification and data collection
	Remote health monitoring

Performance Materials and Technologies	
Businesses:	Technologies:
Honeywell UOP	Oil and gas process technology, equipment, catalysts, and services
Honeywell Process Solutions	Industrial automation controls
Fluorine Products	Low-global-warming potential refrigerants
Resins and Chemicals	Specialty films and additives
Specialty Products	Advanced fibers and composites
	Nylon materials and ammonium sulfate fertilizer
	Electronic materials and chemicals

Source: Company reports.

The company generated $38.6 billion in sales in 2015, with EBITDA of $8.3 billion representing a 21.4% margin, a 320-basis-point expansion from the prior year. In 2015 Aerospace (discussed below) sales totaled 39% of net revenue, while U.S. government sales (which were primarily via the Aerospace segment) totaled $3.7 billion (less than 10% of total sales). Revenue declined 4.0% in 2015 as foreign currency headwinds affected results, with volume, price, and M&A mostly offsetting each other. EBITDA and net margins widened on lower cost of goods (higher gross margin) and lower SG&A expense. Through 1H 2016, net sales increased 3% on the heels of acquisitions, offsetting 1% declines in volume and foreign currency, while net margins improved on plant operational efficiencies (see Exhibit 2).

Exhibit 2 Honeywell International Inc.: Historical Operating Results

($ in millions, except per share data)

	2013	2014	2015	1H 2015	1H 2016
Revenue, Adjusted	$ 39,055.0	$ 40,306.0	$ 38,581.0	$ 18,988.0	$ 19,513.0
Gross Profit, Adjusted	11,257.0	11,874.0	12,317.0	6,046.0	6,329.0
EBITDA, Adjusted	7,153.0	7,353.0	8,258.0	4,042.0	4,314.0
Net Income, Adjusted	4,228.0	4,484.1	5,123.6	2,537.0	2,640.3
EPS, Adjusted	$ 5.30	$ 5.64	$ 6.49	$ 3.13	$ 3.41
Gross Margin	28.8%	29.5%	31.9%	31.8%	32.4%
EBITDA Margin	18.3%	18.2%	21.4%	21.3%	22.1%
Net Margin	10.8%	11.1%	13.3%	13.4%	13.5%
YoY Growth					
Revenue	3.7%	3.2%	-4.3%		2.8%
Gross Profit	14.8%	5.5%	3.7%		4.7%
Net Income	31.5%	6.1%	14.3%		6.7%
EPS	30.8%	6.4%	15.1%		4.1%
Revenue Drivers					
Volume	1.0%	3.0%	1.0%		-1.0%
Price	1.0%	0.0%	-1.0%		0.0%
Acquisitions/Divestitures	2.0%	1.0%	-1.0%		-1.0%
Foreign Currency Translation	0.0%	0.0%	-4.0%		5.0%
Other	0.0%	-1.0%	1.0%		0.0%
	4.0%	3.0%	-4.0%		3.0%

Source: Company reports and Bloomberg.

HON has historically reported operations under three segments: Aerospace, Automation and Control Solutions (ACS), and Performance Materials and Technologies (PMT)[1]. Aerospace is the largest contributor to revenue and operating income at 39.5% and 43.1%, respectively. ACS contributes 36.6% and 31.0% (see Exhibit 3).

The **Aerospace** segment supplies aircraft engines, integrated avionics, system and service solutions, and related products and services to aircraft manufacturers, airlines, aircraft operators, military, and defense and space contractors. Additionally, the segment provides performance and efficiency turbochargers for use in commercial and passenger vehicles. Segment sales are to original equipment manufacturers (OEM) and into the aftermarket. Aerospace competes with BorgWarner Inc. (NYSE: BWA), Garmin Ltd. (NASDAQ: GRMN), General Electric Co.

[1]Note that subsequent to 2Q 2016, Honeywell announced that it would split ACS into two new segments: Home and Building Technologies (HBT) and Safety and Productivity Solutions (SPS). HBT will include Environmental & Energy Solutions, Security and Fire, and Building Solutions and Distribution. The Industrial Combustion/Thermal business (previously part of Environmental & Energy) will be part of PMT going forward. In 2015 HBT and SPS would have had estimated revenue of $9.4 billion and $4.7 billion, respectively.

(NYSE: GE), Rockwell Collins Inc. (NYSE: COL), Thales (HO FP), and United Technologies (NYSE: UTX).

Exhibit 3 Honeywell International Inc.: Historical Segment Operating Results

($ in millions)

Automation and Control Solutions	2011	2012	2013	2014	2015	1H 2015	1H 2016
Revenue	15,535	15,880	13,465	14,487	14,109	6,817	7,563
Operating Income	2,083	1,836	1,983	2,200	2,313	1,083	1,145
Depreciation and Amortization	364	352	350	306	277		
Capital Expenditures	(174)	(191)	(205)	(315)	(314)		
Aerospace							
Revenue	11,475	12,040	11,980	15,598	15,237	7,434	7,484
Operating Income	2,023	2,279	2,372	2,915	3,218	1,529	1,589
Depreciation and Amortization	208	211	200	277	267		
Capital Expenditures	(174)	(191)	(205)	(315)	(314)		
Performance Materials & Technologies							
Revenue	5,659	6,184	9,855	10,221	9,235	4,737	4,466
Operating Income	1,042	1,550	1,725	1,817	1,935	1,012	931
Depreciation and Amortization	216	215	288	284	282		
Capital Expenditures	(282)	(328)	(429)	(537)	(479)		

Source: Company reports and Bloomberg.

In 2015 Aerospace sales declined 2%, as a 3% drag from foreign currency and a 1% decline due to divestitures more than offset 2% organic growth. Despite the decline in sales, profit increased on better pricing (mainly reduced OEM incentives). Through 1H 2016, segment revenue increased 1% due to acquisitions, while segment profit gained 5% from organic growth and operational efficiencies, slightly offset by currency.

ACS provides products, software, and technologies for environmental and energy solutions, controls for sensing and productivity solutions, security and fire safety products, and industrial safety products, in addition to solutions for residential, commercial, and industrial facilities for controlling and displaying heating, cooling, ventilation, and other climate control technologies. Sensor and switch products control and measure air flow, temperature, and electrical current, while metering technologies are used by water utilities. ACS competes with 3M Co. (NYSE: MMM), Johnson Controls International plc (NYSE: JCI), Schneider Electric (SU FP), and Siemens (SIE GR).

ACS segment revenue declined 3% in 2015 on a 6% foreign currency decrease, which offset 2% organic growth and a slight benefit from acquisitions. ACS segment profit increased on benefits from acquisitions, increased price and productivity, along with a benefit from reduced cost of goods due to currency. In 1H 2016, revenue increased 11% purely on acquisitions, while segment profit increased 6% as organic growth and acquisitions were slightly offset by currency.

The **PMT** segment develops and manufactures advanced materials, process technologies, and automation solutions. Universal Oil Products (UOP) provides catalysts and adsorbents, equipment, and consulting to produce petrochemicals, renewable fuels, gasoline, and diesel and jet fuel. The advanced materials business manufactures a variety of high-performance products, including fluorocarbons, caprolactam, resins, ammonium sulfate fertilizer, specialty films, waxes, and additives, among others. Advanced materials are used in various end products, including highly engineered plastics. PMT competes with Albemarle Corp. (NYSE: ALB), BASF SE (BAS GR), The Dow Chemical Co. (NYSE: DOW), EI du Pont de Nemours & Co. (NYSE: DD), Emerson Electric Co. (NYSE: EMR), and Sinopec Shanghai Petrochemical Co. Ltd. (338 HK).

PMT revenue declined 10% in 2015, as UOP sales fell 7% on lower gas processing revenue from customer project slowdowns, a process solutions decline of 12%, and advanced materials decrease of 10%, as the cost of raw materials declined, forcing end-product prices lower. Similar to the other two segments, segment profitability at PMT benefited from improved productivity, which was partially offset by lower sales. 1H 2016 revenue at PMT declined 6%, as UOP sales weighed heavily, falling 29% from the prior year. Overall PMT sales decreased 6% as advanced materials declined 3% on lower market pricing, which was partially offset by a 12% increase in process solutions, driven by the benefits from an acquisition. Segment profit declined on decreased operational efficiency due to lower sales and foreign currency.

As mentioned in the above segment discussions, mergers and acquisitions have played an important role in HON's recent history. The company deployed $5.2 billion on acquisitions in 2015 and over $1 billion through 1H 2016. It should be noted that subsequent to 2Q 2016, the company completed the $1.5 billion acquisition of Intelligrated, a supply chain and warehouse automation technology company. Acquisitions completed in 2016 include the $123 million purchase of RSI Video Technologies, a provider of intrusion detection systems, Movilizer, a cloud-based platform enabling worker productivity while away from the office, and the remaining 30% of UOP Russell, a modular gas processing and equipment company, for $240 million (HON already owned the other 70%).

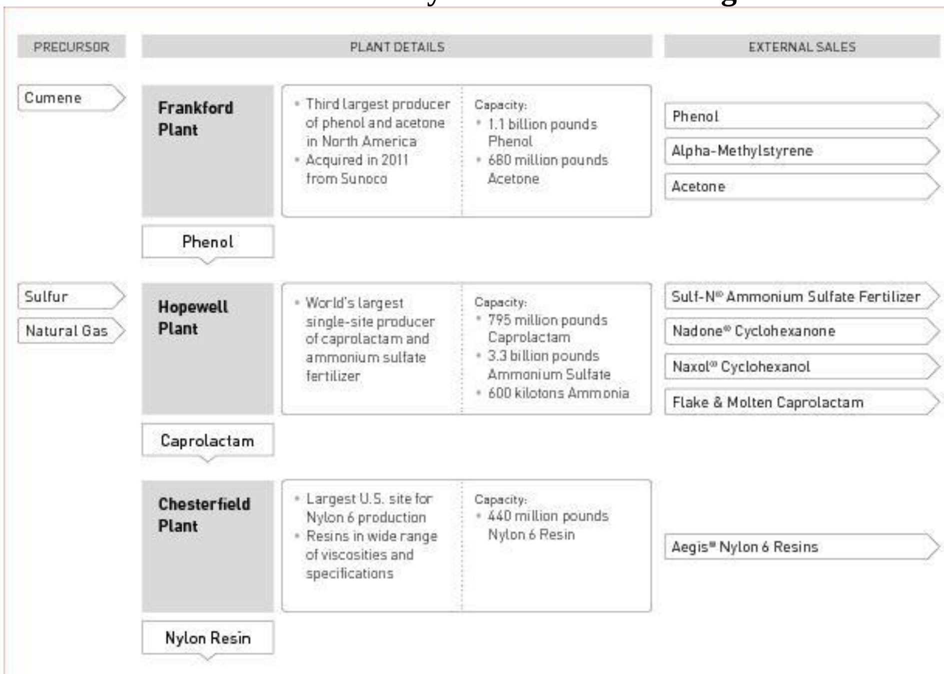
Interestingly, in February 2016 Honeywell unveiled a bid to purchase competitor United Technologies (UTX) in an attempt to diversify its geographic exposure and business mix, in the belief that the company would thereby become less cyclical and less exposed to changes in global economic conditions. The transaction ultimately fell through; however, the size of the proposed transaction, given UTX's current market capitalization of approximately $85 billion, should indicate HON's willingness and financial flexibility to continue with an M&A strategy.

On May 12, 2016, Honeywell International Inc. (NYSE: HON) announced that it intended to spin off its resins and chemicals business as an independent, publicly traded company, to be named AdvanSix Inc. The spin-off is expected to be tax-free to shareholders. On September 7, 2016, HON's board of directors declared a pro rata dividend of AdvanSix common stock to be paid on October 1, 2016 to HON shareholders of record as of September 16, 2016. Shareholders of record will receive one share of AdvanSix for every 25 shares of HON owned as of the record date. AdvanSix shares will begin regular-way trading on the NYSE under the symbol "ASIX" on October 3, 2016; when-issued trading is expected to begin on or about September 14, 2016, two days prior to the record date.

AdvanSix Inc.

AdvanSix is a leading manufacturer of nylon 6, a polymer resin that is a synthetic material used in a wide range of products, including engineered plastic, fibers, filaments, and films, that in turn are used in automotive and electronic components, carpets, sports apparel, and industrial packaging, among other end products. As a result of HON's backward integrated nylon 6 manufacturing process, the company also sells byproducts/precursors to the nylon 6 manufacturing process that include caprolactam, ammonium sulfate fertilizer, acetone, and other intermediation chemicals (see Exhibit 4). Raw materials used in the manufacturing process include cumene, natural gas, and sulfur. All of AdvanSix's manufacturing locations are based in the United States, and the company serves approximately 500 worldwide customers located in 40 countries. The ten largest customers accounted for 40% of sales in 2015, with the largest being Shaw Industries Group (a subsidiary of Berkshire Hathaway Inc. [NYSE: BRK-A]) (16% of 2015 sales), which is the world's largest carpet manufacturer.

Exhibit 4 AdvanSix Inc.: Nylon 6 Backward Integrated Manufacturing Process



Source: Company reports

In 2015, AdvanSix generated $1.3 billion in revenue and $63.8 million in net income (see Exhibit 5). Sales by product category are fairly evenly distributed, while geographically the vast majority of sales are to customers in the United States (see Exhibit 6). Nylon 6 is sold globally, primarily under the Aegis® brand name, as well as used internally in the production of nylon films, which are then sold under the Capran® brand name. Nylon 6 sales totaled $359.8 million in 2015, representing 27% of sales. Caprolactam represents approximately 18% of sales. Ammonium sulfate (nitrogen-based fertilizer) is a co-product of caprolactam, which represented approximately 25% of sales in 2015. It should be noted that ASIX's manufacturing process typically generates a higher yield of ammonium sulfate compared to competitors. Four pounds of ammonium sulfate are generated for every pound of caprolactam produced in ASIX's plants, versus a less than two-to-one ratio at competitors. Ammonium sulfate is sold under the Sulf-N® brand name, and the company has approximately 3,300 million pounds of capacity. Chemical intermediates represented 30% of 2015 revenue.

Exhibit 5 AdvanSix Inc.: Historical Operating Results

($ in thousands)

	Year Ended December 31,					Six Months Ended June 30,	
	2011	2012	2013	2014	2015	2015	2016
Sales	$ 1,481,924	$ 1,788,669	$ 1,766,586	$ 1,790,372	$ 1,329,409	$ 677,670	$ 608,248
Net Income	$ 165,767	$ 166,155	$ 118,746	$ 83,858	$ 63,776	$ 28,027	$ 42,402
YoY Revenue Growth		20.7%	-1.2%	1.3%	-25.7%		-10.2%
YoY Net Income Growth		0.2%	-28.5%	-29.4%	-23.9%		51.3%
Net Margin	11.2%	9.3%	6.7%	4.7%	4.8%	4.1%	7.0%
Revenue Drivers							
Volume				3.7%	-2.5%		5.2%
Price				-2.4%	-23.2%		-15.7%
Other				0.0%	0.0%		0.3%

Source: Company reports

Exhibit 6 AdvanSix Inc.: Revenue by Product Category and Region

($ in millions)

2015 Sales by Product Category	$	%	2015 Sales by Region	$	%
Acetone and Other Chemical Intermediates	$ 393	29.6%	United States	$ 974	73.3%
Resins	$ 360	27.1%	Latin America & Canada	$ 177	13.3%
Caprolactam	$ 238	17.9%	Asia	$ 145	10.9%
Ammonium Sulfate	$ 338	25.4%	EMEA	$ 33	2.5%
	$ 1,329			$ 1,329	

Source: Company reports

Through the first six months of 2016, revenue decreased by 10.2% as market prices declined 15.7% due to lower cost of raw materials (product pricing is based on a spread above raw input costs) and increased imports of ammonium sulfate versus a year earlier. This was only partially offset by a 5.2% increase in volume, as the company did not experience any unplanned plant outages during the period. Profitability improved on lower cost of goods sold, lower cost of raw materials (cumene and natural gas), the termination of a high-cost supply agreement, and improved plant utilization. In 2015, revenue trends were affected by lower prices, similar to the situation in 1H 2016 without the margin improvement, as stable SG&A on a U.S. dollar basis on a lower sales base offset the lower cost of raw materials in the period.

ASIX is a low-cost leader in the nylon 6 and caprolactam manufacturing space, in which its U.S.-based manufacturing footprint allows for access to advantageous natural gas prices. The company has invested in its production lines at several plants to tailor resin products to customer specifications. Selective investments have resulted in higher-value product production, as opposed to selling resins and polymers into a commoditized market that exhibits cyclicality and periods of oversupply.

As a standalone entity, the company will have greater flexibility in pursuing strategic acquisitions. Management has noted that potential acquisition targets would likely complement a higher-value resin product strategy or increase geographic reach. Higher-value products likely include areas such as engineered plastics, for use in automobiles, or multilayer films for packaging applications.

As part of the spin-off, AdvanSix will incur a $270 million term loan, with proceeds going to HON. The company will also have in place a revolver in which it plans to have $40 million drawn on at the time of the transaction. Annual corporate standalone costs are estimated to be $5-$10 million annually, with a slightly higher run rate in the first two years.

Outlook: AdvanSix Inc.

Global demand for nylon 6 is approximately 5,020 kMT (kilometer-tonne), according to market research firm PCI Nylon. Nylon 6 is used in various end products, including carpets and textiles, among others. ASIX has nylon 6 capacity of approximately 440 million pounds per year. The market for nylon 6 generally tracks the global economy; however, some end-market demand may vary at differing points in the cycle. Currently there is increased demand for use in engineered automotive plastics, as car manufacturers increasingly look to nylon 6 applications for their light weight in an attempt to reduce cars' fuel consumption.

Prices are cyclical and are dependent, among other things, on input costs, which include benzene, natural gas, and sulfur. Note that benzene is a key input into caprolactam, which is then used in nylon 6 production. Caprolactam is typically priced at a spread over benzene prices, and nylon 6 prices typically follow caprolactam prices.

Over the past five years, Chinese manufacturers have increasingly entered the nylon 6 market, increasing global supply during what has been viewed as a period of stable demand. Increased global capacity has resulted in historical low margins for nylon 6 manufacturers.

The nylon 6 and caprolactam industry can be considered highly fragmented, with competitors ranging in size, scale, degree of vertical integration, and product offerings. Competitors include BASF Corp., Sinopec Ltd., DOMO Chemicals GmbH (private), LANXESS AG (LXS GR), and Ube Industries Ltd. (4208 JT), which have similar backward integration, while specialized polymer resin manufacturers such as Li Peng Enterprise Co. (1447 TT) and Zig Sheng Industrial Co. (1455 TT) do not enjoy the same co-product production.

The company's ammonium sulfate is used as a nitrogen fertilizer for crops. The ammonium sulfate industry represents 4% of global nitrogen-based fertilizer. Pricing for nitrogen-based fertilizers is driven by the price of urea, which has been under pressure recently due to an easing of China's export policies. Prices are further affected by the prices of key crops such as corn, wheat, and coffee, which use nitrogen-based fertilizers

Management cites two scenarios that could ease the current pressure on margins (primarily related to nylon 6). First, historically there has been an upswing in margins following periods of oversupply and declining prices; although the timing of such a potential future upswing is uncertain at best, it is worth noting that in certain end-markets demand has increased for nylon 6. In addition, new uses are being found for nylon 6, such as engineered plastic used in the automotive industry, which are resulting in increased demand. Second, the company has invested in developing specialty resins and co-polymer products that have higher margins. It could be expected that the oversupply of urea may also reverse; however, the timing question remains.

Outlook: Honeywell International Inc.

Following the spin-off of AdvanSix, HON's business lines (aerospace, ACS, and the remaining PMT) provide for a diverse revenue base that is generally tied to GDP. HON's current financial targets exceed the current pace of domestic GDP based on a return to organic growth and benefits of acquisitions. In conjunction with the company's 2Q 2016 results, management has revised its financial outlook to include slightly lower revenue growth versus 2015 based on lower organic growth, presumably offset by acquisitions, while raising the low end of EPS to $6.60 - $6.70 (see Exhibit 7).

Exhibit 7 Honeywell International Inc.: Revised 2016 Financial Guidance

	Prior	Revised	vs. 2015
Sales	$40.3-$40.9B	$40.0-$40.6	4%-5%
Core Organic Growth	1%-2%	~1%	
Segment Margin	18.9%-19.3%	18.9%-19.3%	10-50 bps
Operaing Income Margin (Ex-Pension)	18.0%-18.4%	18.0%-18.4%	10-50bps
EPS (Ex-Pension)	$6.55-$6.70	$6.60-$6.70	8%-10%
Free Cash Flow	$4.6-$4.8B	$4.6-$4.8B	5%-10%

1. *Cash Flow from Operations Less Capital Expenditures*
2. *Segment Margin ex-M&A Up 80 - 110 bps*
3. *Operating Margin ex-M&A Up 80 - 110 bps*

Source: Company reports.

Post-spin, the company will continue to generate sizeable free cash flow. Over the past five years the company has averaged $3.2 billion in free cash flow, with the amount increasing annually. The company has used free cash to make acquisitions, pay dividends and repurchase shares (see Exhibit 8). The company's priority moving forward will likely factor on the availability of attractive acquisitions. Further, the company has stated it aims to increase dividends at a faster rate than earnings growth. Dividends per share increased 15% annually in 2014 and 2015. Lastly, the company has $4.5 billion remaining on its $5 billion common stock repurchase program.

Exhibit 8 Honeywell International Inc.: Historical Uses of Free Cash Flow

($ in millions)

	2011	2012	2013	2014	2015	5 Year Total
Cash Flow From Operations	$ 2,833	$ 3,517	$ 4,335	$ 5,024	$ 5,454	$ 21,163
Capital Expenditures	798	884	947	1,094	1,073	$ 4,796
Free Cash Flow	$ 2,035	$ 2,633	$ 3,388	$ 3,930	$ 4,381	$ 16,367
Dividends Paid	1,091	1,211	1,353	1,510	1,726	$ 6,891
Acquisitions	973	438	1,133	4	5,228	$ 7,776
Share Repurchases	1,085	317	1,073	924	1,884	$ 5,283

Source: Company reports, Bloomberg.

Valuation

In considering valuation, investors should also consider the post-spin trading patterns of the separate entities. Following the spin-off, ASIX is likely to encounter selling pressure for a couple of reasons, the most likely being the difference in the relative size and focus of the two companies. AdvanSix is far smaller than the large-cap Honeywell; as such, it is not expected be included in the S&P 500 as the parent currently is. The smallest company in the S&P 500 has a market capitalization of $2.14 billion. With annual EBITDA of approximately $150 million, ASIX's market capitalization will surely be well below this level. Additionally, the scarcity of shares should also be noted, so that, with only 30.4 million shares outstanding, the stock is likely to be fairly illiquid. Only three companies currently included in the S&P 500 have less than 30 million shares outstanding, and each of these has a far greater market cap than is expected for ASIX. Second, the investor base that currently owns HON likely does so for exposure to the industrial component rather than for exposure to the currently depressed specialized chemical business. Given these characteristics, a degree of volatility should be expected in the initial trading of ASIX shares.

Valuation: AdvanSix Inc.

AdvanSix revenue declined almost 26% in 2015 due to falling commodity prices. The trend appears to have moderated through 1H 2016, with revenue falling 10.2% in the first six months of the year. Despite the revenue decline, EBITDA margins increased to 14.0% from 9.1% in the prior year on better operations. Assuming revenue declines of 10% and 5% in 2016 and 2017, respectively, it can be estimated that the company will generate $1,137 million in sales in 2017. We assume margins contract 100 basis points from 1H 2016 levels, as lower sales levels across fixed costs and an increase in standalone corporate costs result in 2017E EBITDA margins of 13%, implying $147.8 million in EBITDA generation.

AdvanSix is a fairly specialized chemicals company that makes it challenging to assess from a peer comparison perspective, as most competitors are larger in size and more diverse. Additionally, peers have differing levels of integration, as noted earlier. Peers could include Albemarle Corp. (NYSE: ALB), BASF SE (BASF GR), The Dow Chemical Co. (NYSE: DOW), EI du Pont de Nemours & Co. (NYSE: DD), and Sinopec Shanghai Petrochemical Co. Ltd. (338 HK) (see Exhibit 9). This group trades at 9.7x and 15.0x 2017E consensus EV/EBITDA and P/E, respectively. Given ASIX's margin profile that is closer to the lower end of the peer range, a discount to the peer average is warranted. Applying a discount multiple of 8.0x to estimated 2017 EBITDA of $147.8 million results in an enterprise value of $1.2 billion. Based on net debt of $270 million and shares outstanding of 30.4 million (one-for-25 share distribution), a fair value estimate of $30 per share is derived (see Exhibit 10).

Based on the above derived EBITDA estimate, an earnings per share estimate can be derived. Assuming historical depreciation and amortization of $35 million, interest expense of $9.6 million (based on the 2015 pro forma income statement), and a 35% tax rate, the company would earn $2.20 per share when accounting for 30.4 million shares outstanding (see Exhibit 10). Assigning a multiple of 12.0x 2017 results in a fair value estimate of $26 per share. AdvanSix's fair value estimate of $28 per share is derived as an average of the above two valuation methodologies (see Exhibit 10).

Exhibit 9 AdvanSix Inc.: Peer Comparison Table

($ in millions, except per share data; shares in millions)

	Honeywell International Inc	Albemarle Corp	BASF SE	The Dow Chemical Co	EI du Pont de Nemours & Co	Sinopec Shanghai Petrochemical Co Ltd
Ticker	HON	ALB	BAS GR	DOW	DD	338 HK
Price (9/9/2016)	112.01	76.82	72.16	53.41	68.43	4.08
Shares Out	760.9	112.4	918.5	1,126.8	874.2	10,800.0
Market Capitalization	85,225.6	8,634.8	66,277.4	60,184.0	59,830.1	65,776.9
Net Debt (Cash)	7,215.0	3,469.3	24,422.7	19,335.0	5,702.0	(57,795.5)
EV	92,440.6	12,104.1	90,700.2	79,519.0	65,532.1	7,981.4
Revenue						
2014	40,306.0	2,445.5	98,741.2	58,167.0	28,406.0	15,050.2
2015	38,581.0	3,651.3	78,199.0	48,778.0	25,130.0	10,669.2
2016E	40,268.3	2,630.4	63,656.7	46,598.5	24,782.0	9,915.8
2017E	41,862.5	2,881.3	66,843.1	49,119.3	26,091.1	11,253.3
2018E	43,543.4	3,135.7	69,072.3	50,951.2	28,346.8	12,656.6
EBITDA						
2014	6,755.0	374.9	14,430.0	8,136.0	5,506.0	285.5
2015	7,711.0	702.5	11,954.8	8,060.0	4,512.0	947.6
2016E	8,516.8	733.8	11,082.1	9,370.8	5,380.8	1,091.0
2017E	9,104.1	835.3	11,902.5	10,302.5	6,167.8	968.8
2018E	9,840.0	873.0	12,706.5	10,655.2	6,621.1	943.8
Net Income						
2014	4,239.0	133.3	6,848.4	3,772.0	3,625.0	(112.4)
2015	4,768.0	334.9	4,425.6	7,685.0	1,953.0	521.1
2016E	5,159.3	403.9	4,748.7	3,888.2	2,792.6	675.1
2017E	5,580.1	440.7	5,115.9	4,431.3	3,223.2	591.2
2018E	6,052.5	505.2	5,583.5	4,583.1	3,623.6	573.4
EV / Sales						
2016E	2.3x	4.6x	1.4x	1.7x	2.6x	0.8x
2017E	2.2x	4.2x	1.4x	1.6x	2.5x	0.7x
2018E	2.1x	3.9x	1.3x	1.6x	2.3x	0.6x
average		*1.9x*				
EV / EBITDA						
2015	12.0x	17.2x	7.6x	9.9x	14.5x	8.4x
2016E	10.9x	16.5x	8.2x	8.5x	12.2x	7.3x
2017E	10.2x	14.5x	7.6x	7.7x	10.6x	8.2x
average		*9.7x*				
2018E	9.4x	13.9x	7.1x	7.5x	9.9x	8.5x
average		*9.4x*				
P/E						
2016E	16.8x	21.8x	15.8x	15.2x	21.4x	8.4x
2017E	15.4x	19.2x	14.2x	13.3x	18.4x	9.7x
average		*15.0x*				
2018E	14.2x	15.4x	13.1x	13.0x	16.4x	9.9x
average		*13.6x*				
Total Assets	51,181.0	9,312.4	72,159.0	81,524.0	42,266.0	*N/A*
EV/ASSETS	1.8x	1.3x	1.3x	1.0x	1.6x	*N/A*
average		*1.3x*				
Book Value	18,945.0	3,306.3	28,968.0	30,234.0	10,541.0	22,182.9
P/B	4.5x	2.6x	2.3x	2.0x	5.7x	3.0x
average		*3.1x*				
EBITDA Margin	21.2%	27.9%	17.4%	20.1%	21.7%	11.0%
average		*19.6%*				
FCF Yield	5.0%	3.1%	4.1%	5.8%	2.8%	19.9%
Dividend Yield	2.0%	1.5%	*N/A*	3.6%	2.3%	*N/A*

Source: Company reports and Bloomberg.

Exhibit 10 AdvanSix Inc.: Fair Value Estimate

($ in millions, except per share data; shares in millions)

Revenue 2015	$ 1,329.7	2017E EBITDA	$ 147.8	EV/EBITDA	$ 912.4
Growth	-10.0%	D&A	35.0	P/E	804.9
Revenue 2016E	1,196.7	EBIT	112.8	Average Market Cap.	858.6
Growth	-5.0%	Interest Expense	9.6	Shares Outstanding	30.4
Revenue 2017E	1,136.9	Pre Tax Income	103.2	**FVE $ / Share**	**$ 28.21**
Margin	13.0%	Tax Expense	36.1		
EBITDA	147.8	Net Income	67.1		
Multiple	8.0x	Shares Outstanding	30.4		
Enterprise Value	1,182.4	EPS	$ 2.20		
Net Debt	270.0	Multiple	12.0x		
Market Capitalization	912.4	**FVE $ / Share**	**$ 26.45**		
Shares Outstanding	30.4				
FVE $ / Share	**$ 29.98**				

Source: Company reports, Bloomberg, and *The Spin-Off Report* estimates.

The longer-term fundamental case for owning shares of ASIX can be made for investors willing to ride out the current commodity-induced earnings volatility that ASIX is experiencing. Pricing for caprolactam, nylon 6, and nitrogen-based fertilizers is presently depressed due to the factors noted above, including low input costs and increased exports from China. The cyclical nature of commodity markets can be fickle, and the timing of a rebound to peak pricing and margins is uncertain; however, if the company is able to expand EBITDA margins to just 15% (only 100 basis points above 1H 2016 levels), the shares could be valued at over $35 per share. ASIX's backward integration, plant yields, and low-cost producer status provide a competitive advantage, which would appear to make margin expansion achievable in a better commodity pricing environment. Considering the expectation that ASIX shares will be under pressure in initial trading, a timely buy of the shares in initial regular-way trading at levels below our fair value estimate may provide attractive returns for a longer term investor.

Valuation: Post-Spin Honeywell International Inc.

Following the spin-off of AdvanSix, Honeywell's earnings profile will not necessarily change, in that ASIX represents only a small portion of its overall revenue (3.4% in 2015) and earnings (1.6%). As such, we expect minimal impact on core earnings or on the perception of the company among investors—namely, that of a diversified industrial conglomerate. In that view, we compare post-spin HON to a broad base of industrial companies such as 3M Co. (NYSE: MMM), Danaher Corp. (NYSE: DHR), Emerson Electric Co. (NYSE: EMR), General Electric Co. (NYSE: GE), Illinois Tool Works Inc. (NYSE: ITW), and United Technologies Corp. (NYSE: UTX) (see Exhibit 11). This peer group trades at 12.5x and 18.0x consensus 2017E EBITDA and EPS, respectively.

Exhibit 11 Honeywell International Inc. Post-Spin: Peer Comparison Table

($ in millions, except per share data; shares in millions)

Ticker	Honeywell International Inc HON	3M Co MMM	Danaher Corp DHR	Emerson Electric Co EMR	General Electric Co GE	Illinois Tool Works Inc ITW	United Technologies Corp UTX
Price (9/9/2016)	112.01	175.64	77.02	50.86	30.11	115.78	102.68
Shares Out	760.9	604.4	690.5	643.4	8,961.2	355.0	836.9
Market Capitalization	85,225.6	106,156.9	53,185.3	32,730.3	269,822.7	41,097.3	85,935.7
Net Debt (Cash)	7,215.0	9,913.0	10,629.8	3,820.0	84,251.0	4,813.0	17,624.0
EV	92,440.6	116,069.9	63,815.1	36,550.3	354,073.7	45,910.3	103,559.7
Revenue							
2014	40,306.0	31,821.0	19,154.0	24,537.0	116,406.0	14,484.0	57,900.0
2015	38,581.0	30,274.0	20,563.1	22,304.0	115,158.0	13,405.0	56,098.0
2016E	40,268.3	30,158.2	16,815.8	20,279.0	125,819.0	13,630.6	57,309.7
2017E	41,862.5	31,083.6	17,614.4	19,198.7	124,649.8	14,141.6	59,496.2
2018E	43,543.4	32,114.0	18,426.2	19,358.8	133,481.5	14,588.4	62,243.8
EBITDA							
2014	6,755.0	8,543.0	4,285.1	4,373.0	15,524.0	3,395.0	11,413.0
2015	7,711.0	8,381.0	4,520.4	5,147.0	11,967.0	3,344.0	9,154.0
2016E	8,516.8	8,794.9	3,995.0	3,728.9	21,650.2	3,529.9	10,806.9
2017E	9,104.1	9,171.7	4,248.9	3,753.8	22,399.1	3,739.5	11,110.7
2018E	9,840.0	9,491.6	4,649.1	4,032.9	25,710.6	3,870.5	11,604.0
Net Income							
2014	4,239.0	4,956.0	2,598.4	2,147.0	15,233.0	2,946.0	6,220.0
2015	4,768.0	4,833.0	3,357.4	2,710.0	(6,126.0)	1,899.0	7,608.0
2016E	5,159.3	5,058.2	2,318.5	1,890.8	13,095.3	2,005.5	5,360.7
2017E	5,580.1	5,289.9	2,512.5	1,866.1	14,166.1	2,129.6	5,511.4
2018E	6,052.5	5,606.2	2,882.1	1,979.0	16,030.9	2,219.7	5,837.3
EV / Sales							
2016E	2.3x	3.8x	3.8x	1.8x	2.8x	3.4x	1.8x
2017E	2.2x	3.7x	3.6x	1.9x	2.8x	3.2x	1.7x
2018E	2.1x	3.6x	3.5x	1.9x	2.7x	3.1x	1.7x
average		*2.7x*					
EV / EBITDA							
2015	12.0x	13.8x	14.1x	7.1x	29.6x	13.7x	11.3x
2016E	10.9x	13.2x	16.0x	9.8x	16.4x	13.0x	9.6x
2017E	10.2x	12.7x	15.0x	9.7x	15.8x	12.3x	9.3x
average		*12.5x*					
2018E	9.4x	12.2x	13.7x	9.1x	13.8x	11.9x	8.9x
average		*11.6x*					
P/E							
2016E	16.8x	21.4x	21.6x	17.4x	20.0x	20.6x	15.6x
2017E	15.4x	19.9x	19.7x	17.4x	17.4x	18.9x	14.9x
average		*18.0x*					
2018E	14.2x	18.3x	17.8x	16.1x	15.2x	17.5x	13.7x
average		*16.4x*					
Total Assets	51,181.0	33,235.0	51,503.7	22,082.0	401,461.0	15,222.0	89,480.0
EV/ASSETS	1.8x	3.5x	1.2x	1.7x	0.9x	3.0x	1.2x
average		*1.9x*					
Book Value	18,945.0	11,937.0	25,120.3	7,955.0	89,753.0	4,950.0	30,962.0
P/B	4.5x	8.9x	2.1x	4.1x	3.0x	8.3x	2.8x
average		*4.9x*					
EBITDA Margin	21.2%	29.2%	23.8%	18.4%	17.2%	25.9%	18.9%
average		*22.2%*					
FCF Yield	5.0%	4.7%	6.7%	7.6%	-1.0%	5.2%	2.2%
Dividend Yield	2.0%	2.4%	0.6%	3.6%	2.9%	2.0%	2.5%

Source: Company reports and Bloomberg.

Excluding ASIX's contribution, HON would have generated $37.3 billion in revenue in 2015. Through 1H 2016, HON revenue increased 2.8%; assuming a slight improvement in revenue trends through 2017, revenue might total $39.9 billion in 2017. Assuming 22% EBITDA margins, $950 million in depreciation and amortization, and $193 million in interest expense, Honeywell would earn $7.6 billion in pretax income. Assuming a 26% tax rate (in line with recent years), net income would total $5.7 billion, or $7.43 per share. Applying an in-line multiple results in a $122 per share fair value estimate (see Exhibit 12).

Alternatively, HON's ability to generate free cash flow can be used to estimate a post-spin fair value estimate. Management has guided for free cash flow of $4.6-$4.8 billion. Given that ASIX's free cash flow contribution over the past three years has been minimal (averaging $45 million per year), we use the low end of management's guidance as a base case for our free cash flow valuation. Shares of HON currently yield 5% on a free cash flow basis; assuming the yield remains the same post-spin, the shares could be assigned a fair value estimate of $121 per share (see Exhibit 12). Our fair value estimate for post-spin Honeywell of $121 per share is derived from an average of the above two valuation exercises (see Exhibit 12). Optionality exists on the fair value estimate based on the company's ability to repurchase shares or make accretive acquisitions.

Exhibit 12 Honeywell International Inc. Post-Spin: Fair Value Estimate

($ in millions, except per share data; shares in millions)

2015 Revenue	$38,581.0	2017E EBITDA	$ 8,778.8	Free Cash Flow	$ 4,600.0	P/E	$92,664.0
Less ASIX Revenue	$ 1,329.7	D&A	950.0	Yield	5%	FCF Yield	92,000.0
Pro Forma Revenue	$37,251.3	EBIT	7,828.8	Market Capitalization	92,000.0	Average Market Cap.	92,332.0
Growth	3.0%	Interest Expense	193.3	Shares Outstanding	760.9	Shares Outstanding	760.9
Revenue 2016E	38,368.8	Pre Tax Income	7,635.5	**FVE $ / Share**	**$ 120.91**	**FVE $ / Share**	**$ 121.35**
Growth	4.0%	Tax Expense	1,985.2				
Revenue 2017E	39,903.6	Net Income	5,650.2				
Margin	22.0%	Shares Outstanding	760.9				
EBITDA	8,778.8	EPS	$ 7.43				
		Multiple	16.4x				
		FVE $ / Share	**$ 121.79**				

Source: Company reports, Bloomberg, and *The Spin-Off Report* estimates.

On a pre-spin, sum-of-the parts basis, HON is assigned a fair value estimate of $123 per share, consisting of $1.13 per share of AdvanSix and $121.35 per share of post-spin Honeywell (see Exhibit 13).

Exhibit 13 Honeywell International Inc.: Pre-Spin SOTP

($ in millions, except per share data; shares in millions)

		Per share
ASIX	$ 858.6	$ 1.13
HON - Post-Spin	92,332.0	$ 121.35
Market Capitalization	93,190.7	
Shares Outstanding	760.9	
Pre-Spin FVE $ / Share	**$ 122.48**	
HON Price (9/12/16)	$ 113.49	
Implied Upside	**7.9%**	

Source: Company reports, Bloomberg, and *The Spin-Off Report* estimates.

It should be noted that the pre-spin sum-of-the-parts implies that a pre-spin purchase of HON would result in shares of ASIX being distributed as a free dividend. Additionally, a significant portion of the implied upside comes from the parent company being rerated. HON currently trades at 10.2x and 15.4x consensus 2017E EBITDA and P/E, respectively, representing a 15% and 20% discount to the peer group average. Initial trading in HON post-spin may approximate the current trading multiple. In the longer term, share performance following the spin-off of ASIX will likely depend on the company's financial performance over the next two to four quarters before a full rerating comes to fruition.

Conclusion

Shares of AdvanSix common stock will be distributed on October 1, 2016 to HON shareholders of record as of September 16, 2016. Shareholders of record will receive one share of AdvanSix for every 25 shares of HON owned as of the record date. AdvanSix shares will begin regular-way trading on the NYSE under the symbol "ASIX" on October 3, 2016; when-issued trading is expected to begin on or about September 14, 2016, two days prior to the record date.

On a pre-spin, sum-of-the parts basis, HON is assigned a fair value estimate of $123 per share, consisting of $1.13 per share of AdvanSix and $121.35 per share of post-spin Honeywell. On a post-spin basis, shares of ASIX are fairly valued at $28 per share, reflecting the 1:25 distribution ratio.

It should be noted that the pre-spin sum-of-the-parts could be viewed as if a pre-spin purchase of HON would result in shares of ASIX being distributed as a free dividend. Additionally, a significant portion of the implied upside comes from the parent company being rerated. HON currently trades at 10.2x and 15.4x consensus 2017E EBITDA and P/E, respectively, representing a 15% and 20% discount to the peer group average. Initial trading in HON post-spin may approximate the current trading multiple. In the longer term, HON's share performance following the spin-off of ASIX will likely depend on the company's financial performance over the next two to four quarters before a full rerating comes to fruition.

Investors should consider the post-spin trading patterns of the separate entities. In our view, the ASIX shares are likely to encounter selling pressure upon separation for a couple of reasons, the most prominent being the difference in the relative size and focus of the two companies. AdvanSix is far smaller than the large-cap Honeywell; as such, it will likely not be included in the S&P 500 as the parent currently is. Additionally, the scarcity of shares should also be noted, as, with only 30.4 million shares outstanding, the stock is likely to be fairly illiquid. Second, the investor base that currently owns HON likely does so for exposure to the industrial component of the investment thesis rather than for exposure to the currently depressed specialized chemical business. Given these characteristics, a degree of volatility should be expected in initial trading of ASIX shares.

However, a longer-term fundamental case for owning shares of ASIX can be made for investors willing to ride out the earnings volatility ASIX is experiencing given its commodity exposure. Pricing for caprolactam, nylon 6, and nitrogen-based fertilizers is currently depressed due to low input costs and increased exports from China. The timing of a rebound in pricing is uncertain; however, if the company is able to expand EBITDA margins modestly, shares of ASIX could be valued at over $35 per share. ASIX's backward integration, plant yields, and low-cost producer status provide a competitive advantage, which would appear to make margin expansion achievable in a better commodity pricing environment. Considering the expectation that shares of ASIX will be under pressure in initial trading, a timely buy of ASIX shares in initial regular-way trading at levels below our fair value estimate may provide attractive returns for a longer-term investor.

Exhibit 14 AdvanSix Inc.: Pro Forma Income Statement

($ in thousands, except per share data; shares in thousands)

	FOR THE SIX MONTHS ENDED JUNE 30, 2016		
	Historical as Reported	**Pro Forma Adjustments**	**As Adjusted**
Sales	608,248	118	608,366
Costs and expenses:			
Costs of goods sold	519,379	-	519,379
Selling, general and administrative expenses	22,254	2,212	24,466
Other non-operating, net	(1,157)	-	(1,157)
	540,476	2,212	542,688
Income from Operations			
Interest expense	-	5,350	5,350
Other expense, net	-	-	-
Income before taxes	67,772	(7,444)	60,328
Income taxes	25,370	(2,532)	22,838
Net income	42,402	(4,912)	37,490
Unaudited Pro Forma Earnings Per Share			
Basic/Diluted		$	1.22
Weighted-average number of shares outstanding			
Basic/Diluted			30,620

	FOR THE YEAR ENDED DECEMBER 31, 2015		
	Historical as Reported	**Pro Forma Adjustments**	**As Adjusted**
Sales	1,329,409	286	1,329,695
Costs and expenses:			
Costs of goods sold	1,179,651	-	1,179,651
Selling, general and administrative expenses	52,398	4,423	56,821
Other non-operating, net	(2,877)	-	(2,877)
	1,229,172	4,423	1,233,595
Income from Operations			
Interest expense	-	9,562	9,562
Other expense, net	-	-	-
Income before taxes	100,237	(13,699)	86,538
Income taxes	36,461	(4,082)	32,379
Net income	63,776	(9,617)	54,159
Unaudited Pro Forma Earnings Per Share			
Basic/Diluted		$	1.74
Weighted-average number of shares outstanding			
Basic/Diluted			31,192

Source: Company reports.

Exhibit 14 AdvanSix Inc.: Pro Forma Balance Sheet as of June 30, 2016
($ in thousands)

	Historical As Reported	Pro Forma Adjustments	As Adjusted
ASSETS			
Current assets:			
Cash and cash equivalents	-	36,894	36,894
Accounts receivable—net	142,749	-	142,749
Inventories	134,304	-	134,304
Deferred income taxes	-	-	-
Other current assets	6,117	-	6,117
Total current assets	283,170	36,894	320,064
Property, plant and equipment—net	539,642	-	539,642
Goodwill	15,005	-	15,005
Other assets	29,390	(38)	29,352
Total assets	867,207	36,855	904,062
LIABILITIES			
Current liabilities:			
Accounts payable	181,518	-	181,518
Accrued liabilities	18,213	(2,040)	16,173
Current portion of long-term debt	-	-	-
Deferred income and customer advances	2,671	-	2,671
Total current liabilities	202,402	(2,040)	200,362
Deferred income taxes	139,607	(13,374)	126,233
Long-term debt	-	306,894	306,894
Other liabilities	3,695	36,275	39,970
Total liabilities	345,704	327,755	673,459
CONTINGENCIES			
EQUITY			
Common Stock, par value $0.01	-	-	-
Additional paid in capital	-	232,078	232,078
Accumulated other comprehensive loss	(1,474)	-	(1,474)
Invested equity	522,977	(522,977)	-
Total equity	521,503	(290,899)	230,604
Total liabilities and equity	867,207	36,855	904,062

Source: Company reports.