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CORPORATE SPEAKERS:

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DuPont Specialty Products USA, LLC; Chief Executive Officer

Antonella Franzen

DuPont Specialty Products USA, LLC; Chief Financial Officer

PARTICIPANTS:

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Vertical Research Partners; Analyst

Scott Davis

Melius Research; Analyst

Steve Tusa

JPMorgan; Analyst

John McNulty

BMO Capital Markets; Analyst

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Joshua Spector

UBS; Analyst

John Roberts

Mizuho; Analyst

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PRESENTATION:

Operator^ Good morning, ladies and gentlemen, and thank you for standing by. (Operator Instructions) At this time, I would like to welcome everyone to DuPont's Third Quarter 2025 Earnings Call. (Operator Instructions)

I would now like to turn the call over to Ann Giancristoforo. Please go ahead.

Ann Giancristoforo^ Good morning. Thank you for joining us for DuPont's Third Quarter 2025 Financial Results Conference Call. Joining me today are Lori Koch, Chief Executive Officer, and Antonella Franzen, Chief Financial Officer.

We have prepared slides to supplement our remarks, which are posted on DuPont's website under the Investor Relations tab and through the webcast link. Please read the forward-looking statement disclaimer contained in the slides.

During this call we will make forward-looking statements regarding our expectations or predictions about the future. Because these statements are based on current assumptions and factors that involve risks and uncertainties, our actual performance and results may differ materially from our forward-looking statements.

Our Form 10-K, as updated by our current and periodic reports includes detailed discussion of principal risks and uncertainties which may cause such differences. Unless otherwise specified, all historical financial measures presented today are on a continuing operations basis and exclude significant items. We will also refer to other non-GAAP measures. A reconciliation to the most directly comparable GAAP financial measure is included in our press release and presentation materials and has been posted to DuPont's Investor Relations website.

As a quick reminder on the basis of presentation for our third quarter financial results, our total company net sales, operating EBITDA, and adjusted EPS include segment results for ElectronicsCo and IndustrialsCo, excluding results for the previously announced divestiture of the Armed business, which is now reported as discontinued operations.

I'll now turn the call over to Lori, who will begin on Slide 3.

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Lori Koch^ Good morning. Thanks, everyone, for joining our third quarter call. Earlier today we reported another solid quarter ahead of our previously communicated guidance. Third quarter sales of \$3.1 billion grew 6% on an organic basis. Operating EBITDA of \$840 million increased 6% year-over-year, resulting in an operating EBITDA margin of 27.3%. As a result of our strong third quarter financial performance, and our expected operational improvement, we are raising our full year earnings guidance for the new DuPont. Antonella will provide further details shortly. Third quarter saw organic growth across all businesses with continued strong volume growth in healthcare and water coupled with strength in electronics driven by AI technology demand in both interconnect solutions and semi.

Today we also announced capital allocation updates for the new DuPont both in the form of a quarterly dividend and a new share repurchase authorization. We declared our initial quarterly dividend under New DuPont in the amount of \$0.20 per share in line with our targeted 35% to 45% payout ratio. The Board of Directors also approved a \$2 billion share repurchase authorization under which we expect to quickly launch an ASR in the amount of \$500 million. Both of these actions underpin our commitment to a disciplined capital allocation model and are a testament to our financial strength and dedication to delivering value. Earlier this week, we announced the successful completion of the Qnity separation as a premier pure-play technology solutions partner to the semiconductor value chain. Qnity is well positioned to deliver growth and value creation for its shareholders.

Turning to Slide 4. As part of Investor Day I outlined a clear strategy for the New DuPont to drive value creation for all our stakeholders. Our strategy is focused around driving above-market organic growth, building a robust business system, deploying a balanced capital allocation model and consistently delivering results. We are already seeing progress against these value creation drivers. We have successfully repositioned ourselves and have a streamlined portfolio of leading businesses, the majority of which are aligned to secular end-markets, which will enable strong organic growth. We saw nice growth in the third quarter, and we continue to expect 2% organic growth for the full year.

Our innovation engine continues to deliver. We announced the launch of our latest technology in Tyvek® Garment branded Tyvek® APX™. This latest technology for PPE provides enhanced breathability while maintaining the same level of protection and

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durability. The launch clearly demonstrates how we collaborate with customers and deploy our application development expertise to meet their needs.

As I noted at Investor Day we are driving towards building a robust business system starting from a strong jump-off point with a full suite of tools that are being actively deployed. This quarter, we introduced a core set of enhanced KPIs that are focused on driving improvement for our shareholders, customers and employees. These KPIs were embedded in a refreshed set of management standards, which has added more visibility, rigor and structure to ensure we achieve our business objectives.

On commercial excellence, we have advanced the framework across commercial enablement, sales effectiveness and strategic marketing. A key priority was focused on pipeline discipline. We have designed a more transparent, data-driven process, which links demand generation, opportunity qualification and conversion metrics to deliver against our growth target.

Specifically, within our Water business, we have taken a regional approach to the rollout and have improved pipeline rigor in North America and Europe, leading to sizable improvement in our opportunity funnel. We plan to launch in Asia later this quarter. We also continue to drive enhancements in operational excellence. During the quarter, we rolled out an updated set of KPIs aligned with our focus on safety, quality, delivery and cost. We also refreshed our toolkit around OEE and reliability which is driving reductions in unplanned downtime and improving our maintenance spend and wrench time.

On capital allocation, I highlighted earlier the dividend and share repurchase authorization that was approved by our Board. In addition, we also announced in late September that we signed an agreement to acquire manufacturing capacity to expand our reverse osmosis footprint in China. This aligns with our local-for-local strategy and increases our capacity to meet growing demand for industrial water purification and reuse in the region.

With this backdrop, I remain confident in delivering the medium-term targets for '26 through '28 that we outlined for you at Investor Day - 3% to 4% organic growth, 150 to 200 basis points of margin expansion, 8% to 10% EPS growth and generating strong free cash flow conversion at greater than 90%.

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With that, I'll now turn the call over to Antonella to cover the financials and outlook.

Antonella Franzen^ Thanks, Lori. And good morning, everyone. We delivered another quarter of year-over-year growth in organic sales and operating EBITDA on volume strength across many key end-markets. Operational focus by our teams drove solid financial performance in the quarter including strong cash conversion beginning with third quarter financial highlights on Slide 5. Net sales of \$3.1 billion increased 7% versus the year ago period on 6% organic sales growth and a 1% benefit from currency. Organic sales growth consisted of a 7% increase in volume, partially offset by a 1% decline in price. Organic sales included a \$70 million benefit from order timing shifts into the third quarter from the fourth quarter due to system cutover activities in advance of the separation. Excluding this, organic sales growth would have been 4% in the quarter.

From a segment view, both segments saw organic sales growth with IndustrialsCo and ElectronicsCo, up 4% and 10%, respectively. All businesses had organic growth during the quarter, led by low teens growth in Interconnect Solutions high single-digit growth in both Healthcare & Water Technologies and Semi and low single-digit growth in Diversified Industrial. We saw organic growth across all regions with North America and Asia Pacific, up 7% and Europe up 6% year-over-year. Third quarter operating EBITDA of \$840 million increased 6% versus the year ago period as organic growth and productivity benefits were partially offset by growth investments and unfavorable mix. Operating EBITDA margin during the quarter of 27.3% was down approximately 30 basis points year-over-year due to unfavorable mix in ElectronicsCo.

Turning to cash flow, we delivered transaction-adjusted free cash flow of \$576 million and related conversion of 126%. This was in line with our expected acceleration this quarter.

Turning to Slide 6. Adjusted EPS for the quarter of \$1.09 per share was flat with the year ago period. Higher segment earnings of \$0.09 was primarily offset by a headwind from a higher tax rate year-over-year. Our base tax rate during the quarter was 24.6%, the prior year base tax rate, which included discrete benefits, was 19.5%.

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Turning to Slide 7, IndustrialsCo third quarter net sales of \$1.8 billion were up 5% versus the year ago period on 4% organic growth and a 1% benefit from currency. Organic growth included a benefit of approximately \$30 million in order timing shift. Excluding this benefit, organic sales growth was 2% in the quarter, in line with our expectations. For the third quarter, Healthcare & Water sales were up high single digits on an organic basis versus the year ago period. Organic growth was led by continued strength in medical packaging, biopharma, reverse osmosis and ion exchange.

Diversified Industrial sales were up low single digits on an organic basis, as growth in Industrial Technologies was partially offset by continued softness in construction markets. Operating EBITDA for IndustrialsCo during the quarter of \$465 million was up 4% versus the year ago period on organic growth and productivity gains, partially offset by growth investments. Operating EBITDA margin during the quarter was 25.9%, flat with the prior year, absorbing a margin headwind from currency. Sequentially, operating EBITDA margin improved 30 basis points.

Turning to ElectronicsCo on Slide 8, third quarter net sales of \$1.3 billion increased 11% versus the year ago period on 10% organic growth and a 1% benefit from currency. Organic growth included a benefit of approximately \$40 million in order timing shifts. Excluding this benefit, organic sales growth was 7% in the quarter. At the line of business level, organic sales for Semiconductor Technologies were up high single digits on continued strong end-market demand driven by advanced node and AI technology applications.

Interconnect Solutions also posted another strong quarter with organic sales up low teens, reflecting continued demand from AI-driven technology ramps and benefits from content and share gains across advanced packaging and thermal management solutions. Operating EBITDA for ElectronicsCo of \$403 million was up 6% versus the year ago period as organic growth was partially offset by growth investments to support advanced node transitions and AI technology ramps. Operating EBITDA margin during the quarter was 31.6%, down 140 basis points versus the year ago period primarily due to unfavorable mix and currency headwinds.

As a reminder, Qnity management will host a call later today to provide a business update.

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Earlier this week, we announced the successful completion of the Qnity separation. In connection with this transaction, we received approximately \$4.2 billion of cash in the form of a midnight dividend from Qnity, which will be used to reduce DuPont's debt and achieve the targeted capital structure that we outlined at Investor Day.

Turning to Slide 9, which outlines our latest view on 2025 financial guidance. As a reminder, we provided an updated view of our full year 2025 expectations, reflecting the separation of Qnity and the presentation of the Aramids business as discontinued operations, as part of our Investor Day in mid-September. Also in the fourth quarter, we will be reporting under a new segment structure of Healthcare & Water Technologies and Diversified Industrials. In the appendix to the slide deck, we have included preliminary recasted quarterly segment information for your reference. From a top line perspective, our expectation of organic sales growth for the full year remains in line with the guidance we provided at Investor Day. We expect organic sales to be up 2% year-over-year on strong demand in Healthcare and Water partially offset by ongoing weakness in construction end-markets.

Our current full year sales guidance of \$6.84 billion reflects slightly lower currency benefits from our prior expectations. We are raising our full year operating EBITDA guidance to \$1.6 billion, driven by our stronger third quarter performance, underlying operational improvements across the businesses and lower corporate costs. We expect full year adjusted EPS to be \$1.66 per share, an increase of about 16% year-over-year. Our full year base tax rate is expected to be about 28% including about 200 basis points of headwind related to total company interest expense that cannot be reflected as discontinued operations. We continue to expect that our go-forward tax rate will be in the 25% to 26% range consistent with the guidance provided at Investor Day.

For the fourth quarter, we estimate net sales of about \$1.685 billion, operating EBITDA of about \$385 million and adjusted EPS of \$0.43 per share. Our fourth quarter guidance assumes about 1% organic growth when normalizing for the third quarter timing shift.

On a reported basis, we expect a fourth quarter organic sales decline of about 1% versus prior year. As you will recall we provided full year 2025 pro forma estimates

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as part of our Investor Day to serve as a baseline for our medium-term targets. Our stronger underlying performance translates into revised full year 2025 pro forma estimates for operating EBITDA of \$1.63 billion and adjusted EPS of \$2.02 per share compared to the \$1.62 billion and \$2.00 per share. Our lower corporate costs are accelerating our run rate towards our expected \$95 million public company corporate cost structure.

I want to thank our employees for remaining focused on delivering these results and for driving the successful completion of the Qnity separation.

With that, we are pleased to take your questions, and let me turn it back to the operator to open the Q&A.

QUESTIONS:

Operator^ (Operator Instructions) Your first question comes from the line of Jeff Sprague of Vertical Research Partners.

Jeffrey Sprague^ I wanted to kind of focus more on just sort of the end-market trends and there's some color on Page 12 that helps. But first, this timing benefit, is this something you did or kind of pushed on behalf of your customers, so they wouldn't somehow be disrupted? Maybe just give us a little sense of like what was behind that, if you don't mind.

Antonella Franzen ^ Yes. So Jeff, kind of the way to think about it is as you would expect, the separation that we did, really touched every legal entity within the organization. So in essence, we had to, like, re-pipe everything in all of our financial systems to do that. So our customers were notified that we would be in a blackout period in early October as we did this after quarter end. Therefore, we had some orders that were originally set to go out in the October timeframe that our customers accelerated into the third quarter given we were going to be in a blackout period.

So it was completely customer driven. Again no changes related to our expectations of what we expected from an organic growth perspective in the second half, but it clearly created a higher organic growth in the third quarter and a lower organic growth in the fourth quarter.

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Jeffrey Sprague^ Yes. Then I think you probably intentionally didn't say anything about 2026 today. But -- maybe give us some initial thoughts on sort of these exit rates that we're looking at here in Q4, again outlined on Page 12, what might be sort of the pluses and minuses as we shift into next year, particularly interested in what you're seeing in the Healthcare and Water businesses, especially.

Lori Koch^ So we're exiting the second half at about 2% organic growth in line with where we are for the full year. So from an end-market perspective, we would expect Healthcare and Water to be right in line with what we gave in our medium-term targets, which is about 5% organic growth on average. Then on the Diversified side, in the 2% that we'll report for the second half, Shelter is still down. So it's going to be down about 1% in the second half, but full year, it's about 4%.

So given that, that's about 25% of our revenues, if that were just even to normalize to flat, that would be a nice lift as we head into 2026. So no material changes. We put the targets out just six weeks ago. We mentioned that in order to be able to deliver against expectations, we can't start in a hole, so we would expect our medium-term targets to be something that we would consistently deliver. We'll obviously be paying close attention to the construction market, though, and see how they play out.

Operator^ Your next question comes from the line of Scott Davis of Melius Research.

Scott Davis^ Echo what Jeff said. Congrats, you guys have done a lot of wood chopping in the last few years, particularly the last few months. There's kind of a lot of moving parts in my head spinning a little bit. But if we could just start with a little bit of minutia -- what's your plan with the balance sheet? I think you're something like 0.8x pro forma leverage, I know you still have some liability issues you got to manage. But what is kind of the plan and target there? And will there be -- I saw the buyback announcement, but will there be other deals like Spectrum, things like that, that you guys would be potentially looking at in '26?

Antonella Franzen^ Yes. So let me start with -- from a balance sheet perspective. So we would expect our pro forma debt to be around \$3.25 billion, and we would expect to have \$1 billion of cash on the balance sheet. So our starting point net debt-to-EBITDA leverage is around 1.7x. Our target is to stay below 2x from that

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perspective in terms of where we expect to be on the balance sheet. As you saw this morning, we did announce the \$2 billion share repurchase authorization, and we expect to, I would say imminently, start an ASR in the size of about \$500 million that we will do.

Then clearly, as we progress during the year, as we mentioned at Investor Day we would have a balanced approach. We would continue to look at share buybacks. We will continue to look at M&A activity. But we're clearly in a very good spot from a balance sheet perspective quite honestly, Scott, to be able to do both. We have a really strong balance sheet going in. We have the Aramids proceeds that will be coming in, in the first quarter as well. And as we talked about at the Investor Day over the next three years, even accounting for dividend payments and share creep, we would have about another \$500 million a year that is deployable in free cash flow.

Lori Koch^ Yes. On the opportunities you had mentioned Spectrum. So we did actually complete a small tuck-in acquisition in the Water space recently. So we bought RO capacity in China that really helps with our footprint there and enabling us to be local for local given that China is the largest RO footprint for us. So we'll continue to be opportunistic we're looking in all spaces in the Healthcare with respect to not only additional Spectrum like assets in the CDMO space but also potentially in med packaging and other areas that have nice secular growth. Then we'll also be opportunistic as we can in additional Water opportunity.

So we've got a really rich pipeline, and as Antonella mentioned, the strong balance sheet to be able to be proactive with it and we'll be prudent. So we'll have a profile on a return that we want to deliver. So we would get to ROIC greater than WACC by year 5 and a nice path line to a net synergy number that is in line with our affordability range.

Scott Davis^ Okay. That's helpful. Then at Investor Day you talked a little bit about a renewed focus on lean and operational excellence. I think you made a hire in that regard on chief operation, I think title, whatever you call it. But can you just talk about what you're trying to achieve on that front? I don't have a great sense of where you are today and as it relates to lean. In the - in your current portfolio? Just talk a little bit about the opportunity and what you're planning for here.

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Lori Koch^ Yes. So we picked up Dave Koch ("Cook") from Danaher. So he was the op leader for Pall, and we're fortunate to get him into our organization, and he's made an impact already in just the couple of months that he's been here. So we started down the path a few years ago on an OpEx framework that deployed lean tools as well as some six-sigma tools and with a continuous improvement mindset. So we're going to take that baseline that we have and kind of put it on steroids and make sure that it influences truly the way that we work. And so we've rolled out enhanced management standards, which really will dictate how we monitor the performance in our business and solve problems in our businesses to make sure that we have a continuous improvement mindset.

So we've identified eight core KPIs four of them are shareholder or financial related, two of them are customer-related and two of them are employee related, and they will form the basis of our monthly business reviews and allow us to be able to understand performance and understand improvement opportunity. So it's really a cultural change around a continuous improvement mindset, looking for net productivity opportunities year in, year out.

Operator^ Your next question comes from the line of Steve Tusa of JPMorgan.

Chigusa Katoku^ This is Chigusa Katoku on for Steve. Just following up on the 80/20 initiatives that you talked about at Investor Day on the flip side, there's probably some opportunity to prune the portfolio on the edges, but if you can talk about any opportunities you're seeing there, that would be great.

Lori Koch^ Yes. Thanks. So we had mentioned at Investor Day to as part of the team refresh we brought in Beth Ferreira, who had a background at ITW who was well versed within the 80/20 framework. So she's actively deploying that toolkit across the Diversified Industrials businesses to see opportunities for us to improve margins across that side of the portfolio. I think as far as pruning, we had mentioned that we have a goal to be able to continue to work the portfolio towards more secular based end-markets. And so today we're about 50-50 with respect to Healthcare & Water and the Diversified businesses and ideally we would be more like two-thirds, one-third. So, I don't really want to comment on what businesses those would entail, but the goal is to continue to get more into the secular base, mid-single-digit growth.

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Operator^ Your next question comes from the line of John McNulty with BMO Capital Markets.

John McNulty^ Maybe just a quick one on the pro forma EBITDA forecast, inched up a little bit, admittedly not a huge amount, but it's a pretty brief amount of time. I think you attributed it to stronger underlying business performance. I guess, where is the area that you're being surprised on? And is it on the volume front? Or is it more on the cost and efficiency side, would you say?

Antonella Franzen ^ I would say it's more on the margin side. So what you see us kind of putting through in the pro formas is really how we exceeded or how we raised our guidance this year related to the segment performance that we had. So you see that kind of flowing through the pro forma -- so it's from the margin perspective and better operational performance that we had.

John McNulty^ Got it. Okay. Then with regard to M&A, I mean you made the reverse osmosis asset acquisition. So clearly, some things out there on your radar that you're opportunistically going after. I guess can you give us a little bit more color as to what you see in the pipeline if there are a lot of targets out there at this point, if it's a little bit scarce, I guess how you're thinking about that?

Lori Koch^ Yes. So we have a robust pipeline. I would say it is deeper on the Healthcare side than it is on the Water side, just given the fragmentation that exists in Healthcare and the consolidation that exists in Water. So, Water there are still opportunities probably to go beyond the water filtration assets that we have today and to potentially other areas within the water value chain.

On the Healthcare side, it is pretty deep, just given, as I had mentioned, the fragmentation that exists on the CDMO side. So there's lots of players - the majority of them on both sides actually are owned by private equity, so that gives us the opportunity to be able to transact at some point versus having to try to shake something loose from a strategic. So it's deep and we're actively pursuing opportunities and reviewing opportunities with our Strategy and M&A Team.

Operator^ Your next question comes from the line of Chris Parkinson of Wolfe Research.

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Christopher Parkinson^ So when you take a step back as an independent company and you look at your strategy and margins and market performance, whether it's this quarter or what you are forecasting on a preliminary basis for '26. What do you think the Street is missing the most about the independent company's outlook? And what are you the most enthusiastic about now that you have full independence?

Lori Koch^ Well I think if I speak in that today and now, I think -- the Street is confused on our number, just given where the free market trading is. So there was a lot of noise, obviously around the numbers with Aramids coming out as a disc ops and maybe consensus not getting fully reset. But we had a beat and raise. We beat our Q3 numbers and New DuPont raised our side of the numbers as well.

So I think that's one kind of short-term confusion. I think longer-term, it's just a view on who we are. So I think there's still a view that potentially we're a chemical company versus we have significantly transformed the portfolio to a multi-industrial and we've got the financial performance that is right in line with the multi-industrial. So we would expect that we would continue to re-rate up towards more of that multi-industrial multiple. So I think that's one of the biggest confusing points is that we have a much more streamlined, simplified portfolio and a refreshed team to be able to continue to deliver.

Christopher Parkinson^ Got it. And just very quickly as a follow-up. On the Water portfolio, you have a pretty well-rounded enhanced lineup of everything from Ultra to RO and everything else within the filtration side. Do you have the willingness or desire to get further into metering or anything else kind of as a tangential kind of growth theme in terms of how that market is evolving over the next 3, 5, 10 years. Just, I'd love to hear about your strategy broader than it's been over the last, let's say five or so.

Lori Koch^ Yes. We do have a strategy to go beyond just the water filtration. We're obviously the largest player in all the key technologies. So to get larger there via acquisition could be tricky from a regulatory perspective. I would say metering is not one that we're actively looking at just given the valuation are quite high. But we are looking at opportunities more potentially either in systems plays or potentially other areas of filtration beyond just generally water. So we do have, within our Ion Exchange Resins business, some water filtration around food and beverage and

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microelectronics and dairy. So potentially, are there some opportunities there that kind of take us beyond traditional industrial wastewater purification and desalination.

Operator^ Your next question comes from the line of Josh Spector of UBS.

Joshua Spector^ First, I just wanted to try to ask on the cash and the balance sheet comments. I think some of our math was that your upcoming cash might be closer to \$1.5 billion to \$2 billion before buybacks just given where cash sits today in fourth quarter free cash flow. I don't know if that's wrong from the math or if the \$1 billion in cash is a target. So just curious, can you help bridge us for the moving pieces between 3Q and year-end, please?

Antonella Franzen ^ Yes. So you have to keep in mind a couple of things. So on the cash on the balance sheet at the end of Q3 is the cash position for both the new DuPont as well as Qnity. So there is some cash that will go over to Qnity as part of the separation. So again, on a pro forma basis, we expect to be at around \$1 billion is what the new DuPont will have as a cash position, which, quite honestly, is a pretty healthy spot to be in as we move forward given the size of the organization.

Joshua Spector^ And is that before or after the ASR?

Antonella Franzen ^ That would be before the ASR. That is our pro forma cash that we expect to keep. The other thing to keep in mind is as we get towards the end of the year between the timing of when certain separation costs would be paid. We obviously said we're going to move pretty imminently on the ASR. So clearly, that's before we get to year-end in terms of doing that. So there will be some cash out the door related to that we'll have before year-end. There's also timing of separation costs. So there is the potential that by end of year, we may have a little bit of commercial paper that's on hand. But clearly, as we mentioned before, we do have a nice amount of proceeds coming in the door in Q1 of '26 related to the Aramids divestiture.

Joshua Spector^ And if I could just follow up quickly on margins. I mean you reiterated your improvement plan over the next few years. I guess assuming that the macro demand is a bit softer next year, do you see a bigger opportunity to pull forward some productivity and get more margin expansion? Or is that more of a

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volume-dependent type profile where you need to get a stronger macro to achieve that?

Antonella Franzen^ I mean as we did our walk that we talked about on Investor Day we did have a portion of the margin expansion that would be coming from our revenue growth. And as Lori mentioned earlier, I would keep in mind that when you look at our Healthcare & Water business, as we exit this year and go into next year, we are still in a very good position to be able to grow at mid-single-digit growth. You really only need a little bit of growth, I would say on the Diversified Industrials side of the house to kind of get to, I would call it, the low end of our organic revenue growth CAGR as we move forward.

So that was a piece of it. So we feel really good that we're positioned to do that. In addition, we had about 40 basis points of margin expansion over the 3-year period coming from the removal of our stranded costs. Clearly, that's 100% in our control. And as I mentioned at the Investor Day, the plan would be to get that out by the end of year two, so you'd have that margin improvement in the first two years of the plan.

Then you heard Lori talk a little bit earlier about our lean initiatives and how we're operating as a new company going forward. So we do have another additional up to 50 basis points coming from productivity, greater than inflation. I would say the teams are doing a really good job relative to that. We even saw underlying margin improvement this quarter, and we would expect to continue to see that as we go forward.

Operator^ Your next question comes from the line of John Roberts of Mizuho.

John Roberts^ Where are we on the discussions with MSCI on reclassification? And will we get a pro forma balance sheet at some point? Or just wait until we get the year-end balance sheet for new DuPont?

Antonella Franzen^ Yes. So a couple of things. Let me take the good old GICS question first because it's one of my favorite topics. So I would say we are continuing to make progress towards an industry classification change. As I'm sure you've seen, Qnity got their semiconductor classification, which we obviously positioned for. So that has worked out well. I would say the way that S&P and the

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MSCI work, they do kind of wait for your publicly filed information. So I think they'll see clearly the new DuPont as we get to this upcoming 10-K filing. But we will continue to push on that.

I would say the one thing that I would always recall is that the fact that really our valuation is really going to depend more so on our consistent performance, more than any classification, but I would tell you that I'm on a personal mission related to our GICS code to ultimately - as that appropriately reflects the DuPont portfolio that we have today.

In terms of pro forma, on Monday, this past Monday, we did file an 8-K that did show pro forma information. So some of that is actually already out today and already out as of now. Then clearly, as we get to the end of the year, all of our financials will clearly show both electronics and Aramids as discontinued operations so you'll have a nice 10-K with historical periods, all recasted for the new DuPont as we go forward.

Operator^ Your next question comes from the line of Alexia Yefremov of KeyBanc Capital Markets.

Ryan Weis^ This is Ryan on for Alexia. I just want to echo some of the earlier comments, my congratulations in getting everything done. The earlier part of the call kind of focused a lot on maybe where you could go with the portfolio, but I was hoping to kind of focus on what you currently have and especially in the Healthcare business, there's a lot of talk in the slide deck about medical packaging and biopharma this year. But maybe we could get some additional color kind of on what's going on in medical device space.

Lori Koch^ Yes. So we're really excited about all aspects of the portfolio, but the Healthcare & Water with the mid-single-digit growth are areas that will continue to differentially invest. So we saw nice growth across the broader Healthcare business. So we kind of said mid- to high single-digit growth on a full year basis for Healthcare & Water combined. The Healthcare business would be north of that average. And so it was really a combination of nice performance across Livio, which is our biopharma business. So I think as you've seen across many of the peers that have exposure in biopharma, this was a nice year with like kind of completion of the destock and a return to a really nice growth. We saw really nice growth in the

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med packaging and then to your question specifically on Healthcare and the med device space, we're seeing nice growth, too, as we exit the year.

So we actually just announced that we are bringing in a new leader for the Healthcare business to lead the Spectrum and Livio businesses. He joined us from a long history of running other types of CDMO's. So he starts Monday and we're really excited to have and joined the portfolio as well. So we look for nice growth from that business and then ideally being able to be opportunistic and add to it as we go forward.

Ryan Weis^ Great. That's helpful. Then just on the construction market, you and a number of players in the space have just kind of been talking about softer market conditions. So just kind of wondering what your outlook is? I know it's still early kind of getting into '26, but just maybe if you can give some high-level commentary about how you're thinking about it.

Antonella Franzen ^ Yes. So a little bit of reminders of kind of where we've been related to our Shelter business that is what's tied to the construction market. So when we look actually at 2024, I would say we were in a relatively good position. We actually held flat with the market. And as you know I would say over the last at least four years, we've all been in that second half of the year recovery and then it kind of gets punted into the next year. And those were the early thoughts, I would tell you, as you start to read different reports that are out there related to the construction market that the second half of next year would start to get better.

As Lori mentioned earlier, we do expect the Shelter business to be down around 4% organically this year. So we do feel we're at a relatively low level at this point. So we really aren't going to be expecting a significant amount of growth next year. But quite honestly, even getting to flat actually has a nice impact on our overall organic growth. So we do expect a little bit of growth in Shelter next year, again though, off of a pretty low bottom here.

Operator^ Your next question comes from the line of Matthew DeYoe of Bank of America.

Matthew DeYoe^ Congrats on the formal separations, but it's been a long road. I think if we look under the surface at new pro forma IndustrialsCo, I think the

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comment was Industrial -- organic sales were plus 4% ex -- and then 2% ex the pull forward. Can you just parse that out a little bit on a segment basis -- just trying to get a sense for like volume and price in Healthcare & Water versus Diversified Industrials. Just trying to get a little bit more granularity on what the pro forma business is doing here.

Antonella Franzen^ Yes. So on a reported basis, Healthcare & Water were up high single digits. I would say if you kind of adjusted that for the full forward impact, we were at mid-single digits. And Diversified Industrials was up on a reported basis organically in the low single digits. I would say if you adjust for the pull forward, it would have been pretty relatively flat.

Matthew DeYoe^ All right. Then you had said Shelter was minus 4% on the year. As we just look at like 3Q into 4Q, I can't -- I'm not sure if you said it or not, but like where is where is that construction business comping? Is it like minus 2%, minus 3% in this quarter in 3Q or maybe a little bit more help there.

Antonella Franzen ^ Yes. I would say in the third quarter, relative to the pull forward we had, it was like down around 2%. We do expect as we get into the fourth quarter, we're down more in that 3% to 4% range. But I would say when you look at the overall 4% for the year, we were down more in the first half of the year than we are in the second half of the year.

Operator^ Your next question comes from the line of Vincent Andrews of Morgan Stanley.

Turner Hinrichs^ Congrats. This is Turner Hinrichs on for Vincent. I was just wondering if you could provide some color on your confidence in the 3% to 4% top line algorithm for 2026.

Lori Koch^ Yes. So as we had mentioned, we don't expect to start in the hole to be able to achieve our medium-term targets of 3% to 4% over the '26 to '28 timeframe. So if we look at our performance in the second half of 2025, which can be an indicator of what you might be seeing as beginning 2026, our Healthcare & Water business is performing in line with our medium-term targets.

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So with that being around the 5%, about half our company, you get 2.5% organic growth straight from that. And as we had mentioned, the Shelter business which is about 25% of portfolio in the second half is down about 2.5%. We don't expect it to continue to be down next year, but we're not really expecting any material growth, but just the absence of a negative brings an opportunity incrementally from the second half. And as we look at the rest of the Industrial Tech portfolio, which makes up about 30%, we would expect to see sort of a minimum low single-digit growth, we had mentioned the whole portfolio should be at average 2% for the Industrial Technology side.

So if you take that piece, you can generally roundly get to your medium-term targets at the midpoint range with really just the big inflection point being cooptation of the Shelter market and no longer being a drag on the total organic growth.

Turner Hinrichs^ Great. Great. Appreciate the color. I wanted to circle back as well on the building and construction discussion, specifically on B&C margins. How are they -- how much are they holding the segment margin back at this point given the weakened demand environment? And how much lift could there be if conditions begin to improve? And would this be in addition to the 150 to 200 basis point improvement that you all are targeting for 2028 overall?

Antonella Franzen ^ Yes. I would actually say I believe you mentioned the construction markets of the Shelter business. I would say overall, actually, the business has actually been doing pretty well from a margin perspective. So I would do a nice shout out and kudos to the team that despite the fact that volume has been down, they have been significantly driving productivity, watching costs, making sure that we are positioned for the current market environment that we're in. So that should set us up nicely for when we get back to being in growth mode in the construction space.

Operator^ Your next question comes from the line of Patrick Cunningham of Citigroup.

Rachel Lee ^ This is Rachel Lee on for Patrick. Can you expand more on the strategic rationale for the RO acquisition in China. Understand it enables you to be more local for local, but can you touch more on the technology value add

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perspective? And specifically what you're seeing in terms of water market growth in China.

Lori Koch^ Yes. So the acquisition was more one of a capacity add. So on the Ion Exchange side, we've got different plants across the globe, so we're able to be local for local. On the RO side, prior to this acquisition, we really had membrane capacity really only at one spot for the most part in the U.S. and nothing outside the U.S. of any materiality. We have started to build fabrication capabilities outside the U.S. through contract manufacturers, and we had established capabilities within the Asia Pacific region. But it was really important that we also get membrane capacity in Asia just given that it's about a third of our sales and there's growing local for local preferences in the region. So it really doesn't give us any additional technology - we've got the leading technologies that we'll continue to protect here in the U.S. operations. It just gives us more local production capabilities for membrane within the China region.

Rachel Lee ^ Got it. That's very helpful. Then going to Diversified Industrials side, it seems like organic sales grew better than expectations due to Industrial Technologies. Can you touch more on maybe how auto, aerospace or other businesses performed better than prior expectations?

Lori Koch^ Yes. So on the Diversified side, we had a little bit better performance than we had expected. A lot of that was related to the timing shift though. So from a full year perspective on an organic basis, we continue to expect to be at 2% and it really hasn't materially changed across any of the lines of business or reporting units. But to your question, we did see nice improvement on the kind of general next-gen mobility space, which would include both the automotive and the aerospace side.

So we had mentioned at Investor Day I believe that we are starting to feel a little bit of momentum building in the auto space, and we saw that play out in Q3. So the revisions that have been happening in the last few months have been improving with respect to auto builds. So we're cautiously optimistic that we keep on pace there. And the improvement that we've been seeing more importantly, has been in the U.S. and North America markets, which is where we're outsized exposure is versus China. So we'll remain optimistic on the automotive piece and then the EV piece that we've talked about to continue to perform really well. So we've got share

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gains realized and more opportunities coming in the pipeline with won opportunities with the EV battery space.

Operator^ Your next question comes from the line of Mike Sison with Wells Fargo.

Michael Sison^ Just curious, I think the case to change the GICS code is pretty straightforward. But if it doesn't change, and stays in Chemicals, why do you think that is? Then if you are stuck with us, who do you think would be good comps relative to your performance for investors to look at? Is it like an Ecolab Linde or Sherwin just curious if that sort of scenario unfolds.

Antonella Franzen ^ Yes. So I would say it's not a straightforward process. One might think that it should be, but it's clearly not in terms of having the classification change. So as I mentioned earlier, we will continue down that path. At the end of the day our performance will drive our valuation, and that's what we're focused on. So as an organization, nothing will change in terms of our strategy, how we're expected to perform and what we would do - relative to peers, quite honestly, none of the chemical peers would be our peers that we should be compared to.

I mean we just had very different portfolios. So there is no comparison to the others that are listed within specialty chemicals. We will continue to say, for no matter who's following us and reporting on us that at the end of the day you really got to look at the multi-industrial peers to kind of compare our performance.

Operator^ Your last question comes from the line of Arun Viswanathan of RBC Capital Markets.

Arun Viswanathan^ You commented on maybe some details on your Healthcare portfolio. Could you also comment on the Water side you guys recently completed that acquisition in China. What else are you guys looking at? And I guess how are you prioritizing capital allocation towards this business?

Lori Koch^ Yes. So on the water space, we'll look to see if we can be opportunistic to add to our water filtration capabilities. But as I mentioned, they might be a little bit more minimal because of the consolidation that exists in the space as well as our market leadership that we have across the core technology. So we'll look more broadly into potentially systems plays or some services plays.

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I had mentioned that metering probably would be off the table just given the high valuations that come along with those assets, and we'll continue to be prudent to ensure that we can get a return that's in line with our expectations. But I think that the pipeline is rich on both sides, the Healthcare & Water will differentially invest in those businesses, both from an R&D and a capital perspective to ensure that we're getting outsized returns and we'll bias our M&A activity towards those businesses as well.

Operator^ There are no further questions at this time. With that, I will turn the call back to Ann Giancristoforo for closing remarks. Please go ahead.

Ann Giancristoforo^ Great. Thank you, everyone, for joining our call. For your reference, a copy of our transcript will be posted on DuPont's website. This concludes today's call.

Operator^ Ladies and gentlemen, this concludes today's call. We thank you for participating. You may now disconnect your lines.