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Update: DuPont Completes the Tax-Free Separation of Qnity Electronics; Rate Post-Spin DD and Q at BUY, Based on Initial Trading Indications

Distribution: On November 1, 2025, DuPont de Nemours (NYSE: DD) completed the tax-free spin-off of 100% of Qnity Electronics, Inc. (NYSE: Q). Shareholders of record received one share of Q for every two shares owned of DuPont (DD).

Regular-way Trading & Indexation: Shares of Q (as well as post-spin DD) commence so-called “regular way” trading this morning (11/3). Dupont will remain a member of the S&P 500 index while Qnity is set to join the benchmark (replacing Eastman Chemical), before the start of trading on November 4, 2025, which likely mutes potential index-related dislocations in initial trading.

When-issued Trading: For perspective, in the so-called “when-issued” trading market shares of Qnity (Q-WI) closed on 10/27, the first day of trading, at ~\$94 per share (versus our initial \$96 fair value estimate) on volume of 70K shares. In subsequent days, the shares fluctuated between ~\$93.50-\$95.00 per share (on average volume of ~160K per day) before closing on Friday (10/31) at \$95.00 per share (on volume of more than 280K shares) with initial pre-market indications pointing to a relatively orderly opening price of \$94-\$95 per share. For its part, when-issued trading in post-spin DuPont (DD-WI) closed on 10/27 at ~\$34 per share (versus our initial \$48.50 fair value estimate) on volume of ~81K shares. In subsequent days, the shares traded in a similarly tight range between \$34-\$45 per share (on average daily volume of ~255K shares) before closing on 10/31 at \$34.19 (on volume of ~445K shares) with initial pre-market indications also pointing to a relatively orderly open around ~\$34.50-\$35 per share.

DuPont de Nemours, Inc. – Pre-Spin – N/A (previously BUY w/ a \$96.50 per share)

Current Share Price: (10/30/25): \$81.65

Ticker: DD

Shares Outstanding: ~420.0 million
Market Capitalization: ~\$34.5 billion

Dividend: \$1.64 per share
Yield: ~2.0%

DuPont de Nemours, Inc. – Post-Spin – BUY

Current share price (10/31/2025): \$34.19*

Ticker: DD

Fair Value Estimate: \$48.00 per share
Shares Outstanding: ~420 million
Market Capitalization: ~\$20.5 billion

Qnity Electronics, Inc. – Post-Spin – BUY

Current share price (10/31/2025): \$95.00*

Ticker: Q

Fair Value Estimate: \$104 per share
Shares Outstanding: ~210 million
Market Capitalization: ~\$21 billion

*pre-market price indication

Current coverage and research archive is available online at spinoff.report



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Pre- & Post-spin Recommendations: Following our initial pre-spin BUY recommendation earlier this month, shares of consolidated/pre-spin DD appreciated ~3.5% (outperforming the S&P 500 and Russell 2000 by ~1.65% and ~2.7%, respectively). In terms of our post-spin recommendation, our sense of investor sentiment/enthusiasm, while clearly anecdotal, decidedly sides with Qnity (Q), the pre-spin Electronics business, which represents the relatively higher growth, higher margin business (i.e., 6%-7% and ~30%, respectively), albeit with a higher expected leverage profile (i.e., closer to 3.0x), as well as a lower committed shareholder return profile (i.e., a ~10% dividend payout ratio and a free cash flow conversion ratio of ~65%) and a non-investment grade (i.e., BB+) credit rating. In that context, it does appear that our perception is, to some degree, being tangibly expressed in initial trading indications (i.e., \$94-\$95 per share); that said, we continue to see excess near- & medium-term upside for shares amid both cyclical (i.e., wafer starts) and secular (i.e., materials content) tailwinds for what will now be a pure-play semiconductor materials business. On the other hand, at least based on initial trading indications, it appears that NewDupont (post-spin DD), the comparatively slower growing, at least from a top-line perspective (i.e., 3%-4%), and lower-margin (i.e., ~23.5%) concern, albeit with less capital intensity (i.e., cap ex at 3% of sales and free cash flow conversion of ~90%), higher levels of committed capital returns (i.e., a dividend payout ratio of 35%-45%), as well as a lower leverage profile (i.e., less than 2.0x), appears to be the more attractively mis-priced security, again, based on initial trading indications. That said, all told our initial take is that upside exists on both sides of the transaction; thus, we maintain BUY ratings on both post-spin DD and Q (see Exhibit 1 on page 3). (Again, post-spin DD will remain in the S&P 500 index and Q is set to join the index before the start of trading tomorrow, November 4th.)

Also, please see *The Spin-Off Report* dated October 7, 2025 for more information.

Exhibit 1 DuPont de Nemours: Post-Spin Valuation Scenarios

(\$ in millions, except per share data)

	<u>Qnity</u>		<u>Post-Spin DuPont</u>
2024 Revenue	\$4,335	2024 Revenue	\$6,718
<u>Growth</u>	<u>8.5%</u>	<u>Growth</u>	<u>1.2%</u>
2025E Revenue	\$4,702	2025E Revenue	\$6,800
<u>Growth</u>	<u>6.0%</u>	<u>Growth</u>	<u>2.7%</u>
2026E Revenue	\$4,984	2026E Revenue	\$6,984
Semiconductor Technologies	\$2,766	Healthcare & Water Technologies	\$3,312
Interconnect Solutions	\$2,218	Diversified Industrials	\$3,672
Adj. operating EBITDA	\$1,564	Adj. operating EBITDA	\$1,696
EBITDA margin	31.4%	EBITDA margin	24.3%
Semiconductor Technologies	\$1,030	Healthcare & Water Technologies	\$1,010
Interconnect Solutions	\$558	Diversified Industrials	\$826
Corporate costs	(\$25)	Corporate costs	(\$140)
<u>Applied multiple</u>	<u>16.1x</u>	<u>Applied multiple</u>	<u>13.3x</u>
Enterprise value	\$25,256	Enterprise value	\$22,604
<u>Net debt</u>	<u>(\$3,514)</u>	<u>Net debt</u>	<u>(\$2,552)</u>
Market capitalization	\$21,742	Market capitalization	\$20,052
<u>Diluted shares</u>	<u>210</u>	<u>Diluted shares</u>	<u>420</u>
Fair value per share (pre-spin)	\$51.80	Fair value per share (pre-spin)	\$47.78
Fair value per share (post -spin)	\$103.61	Fair value per share (post -spin)	\$47.78
<u>Depreciation & amortization</u>	<u>\$402</u>	<u>Depreciation & amortization</u>	<u>\$629</u>
<u>Interest expense</u>	<u>(\$253)</u>	<u>Interest expense</u>	<u>(\$135)</u>
Earnings before taxes (EBT)	\$909.7	Earnings before taxes (EBT)	\$932.8
<u>Taxes</u>	<u>(\$227.4)</u>	<u>Taxes</u>	<u>(\$233.2)</u>
Net income	\$682.3	Net income	\$699.6
<u>Diluted shares</u>	<u>210</u>	<u>Diluted shares</u>	<u>420</u>
Earnings per share	\$3.25	Earnings per share	\$1.67
Earnings per share (pre-spin)	\$1.63	Earnings per share (pre-spin)	\$1.67
<u>Implied multiple</u>	<u>31.9x</u>	<u>Implied multiple</u>	<u>28.7x</u>
Fair value per share (pre-spin)	\$51.80	Fair value per share (pre-spin)	\$47.78
Fair value per share (post-spin)	\$103.61	Fair value per share (post-spin)	\$47.78

Source: Company reports, Bloomberg and Institutional Research Group estimates.

Disclosures

This report was produced by Institutional Research Group, LLC (“IRG”). The following persons associated with IRG contributed to this report: Robert Dunn, Director of Research, IRG is located at 88 Pine Street, Suite 3100, New York, NY 10005. At the time of this report, there are no planned updates to the recommendations. IRG has not provided previous recommendations concerning the same issuer(s) during the preceding 12-month period.

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