

DuPont: What Should the New Portfolio Fund First?

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In early August 2026, DuPont de Nemours reported another quarter of growth in both of its remaining operating segments. The results arrived after two major changes to the company's boundaries: DuPont had separated its electronics businesses into Qnity in November 2025 and sold its Aramids business in April 2026. The reshaped company now reported two segments—Healthcare & Water Technologies and Diversified Industrials—and management had raised its full-year 2026 guidance.

For DuPont's executive team, the next question was how to set priorities for growth investment and leadership attention across the new portfolio. Should one segment receive a clearer first call on discretionary resources? Should the company preserve balance across both? Or should funding decisions turn on the merits of individual projects, regardless of segment?

That is the decision facing you as a hypothetical member of DuPont's executive leadership team preparing the company's next annual planning cycle. Public filings disclose segment-level sales, expenses, and a company-defined profit measure. They do not disclose returns on invested capital or the economics of individual projects. The choice is not to endorse a reported DuPont plan: as of the information cutoff, DuPont had not publicly announced a new segment-priority rule or a fixed investment pool for this decision.

A company in transition

DuPont had already undergone successive changes in corporate scope. In 2019, DowDuPont separated Dow and Corteva. In 2021, DuPont combined its Nutrition & Biosciences business with International Flavors & Fragrances. More recently, DuPont separated its semiconductor and interconnect businesses into Qnity, effective November 1, 2025. Its Aramids business sale to Arclin closed April 1, 2026. [DuPont 2025 Form 10-K, pp. 5, 40-41](#); [Q2 2026 Form 10-Q, pp. 47, 58-60](#).

The Aramids transaction provided approximately \$1.2 billion in pre-tax cash proceeds, subject to customary adjustments, a \$300 million note receivable, and a noncontrolling equity interest valued at \$325 million at closing. The Aramids results were presented as discontinued operations. These terms describe consideration received; they do not by themselves measure realized cash proceeds after adjustments or demonstrate the transaction's long-run value creation. [DuPont Q2 2026 Form 10-Q, pp. 47, 58-60](#).

After the Qnity separation, DuPont realigned management and financial reporting in the fourth quarter of 2025. It recast comparative periods into two segments:

- **Healthcare & Water Technologies (HWT)** includes medical packaging, high-performance parts and components for medical-device and biopharma markets, and filtration and purification technologies for industrial, municipal, desalination, life-sciences, and specialty applications. DuPont identifies products such as TYVEK medical packaging and garments, specialty medical components, FILMTEC reverse-osmosis and nanofiltration elements, AMBERLITE ion-exchange resins, and INGE ultrafiltration modules.
- **Diversified Industrials (DI)** includes Building Technologies for residential and nonresidential construction and Industrial Technologies for applications including aerospace, automotive, printing, packaging, and broader industry. Examples include TYVEK house wrap, STYROFOAM insulation, CORIAN surfaces, VESPEL components, MOLYKOTE lubricants, BETASEAL adhesives, and CYREL flexographic printing plates.

The categories create a simpler reporting structure, but each remains a collection of businesses serving distinct customers and markets. HWT combines healthcare and water; DI combines building and industrial technologies. DuPont does not report separate sales, segment profit, R&D expense, or invested capital for those internal businesses in its segment tables. The new labels alone do not establish that those businesses share capabilities or produce synergies.

DuPont 2025 Form 10-K, pp. 5-10.

Two segments, two sets of opportunities

In the six months ended June 30, 2026, HWT generated net sales of \$1.662 billion, up from \$1.580 billion in the comparable recast period. Its organic sales increased 3%, with a 2% favorable currency impact. DuPont attributed first-half HWT organic growth to Healthcare Technologies, including medical packaging and biopharma end markets. Water Technologies was approximately flat organically: strength in industrial water and semiconductor markets was offset by weakness in the Middle East. DuPont Q2 2026 Form 10-Q, pp. 42-44, 49-50; Q2 results release.

HWT's segment Operating EBITDA was \$502 million for the first half, compared with \$471 million a year earlier. DuPont attributed the increase primarily to organic growth and manufacturing productivity. In the second quarter, HWT net sales were \$856 million, up 5%; 4% of growth was organic and 1% came from currency. Management cited personal protection and biopharma volume growth, as well as strength in industrial water and semiconductor markets, partly offset by Middle East weakness. It also said second-quarter segment Operating EBITDA growth reflected organic growth and productivity, partly offset by growth investments. DuPont Q2 2026 Form 10-Q, pp. 44, 49-50.

DI had first-half sales of \$1.838 billion, compared with \$1.781 billion a year earlier. Organic sales rose 2%, with a 1% currency benefit. DuPont said Industrial Technologies growth was led by aerospace, while Building Technologies organic sales were flat. Segment Operating EBITDA was \$413 million, compared with \$384 million in the prior-year period. Management attributed the increase primarily to organic growth, manufacturing productivity, and favorable mix. In the second quarter, DI's sales were \$963 million, up 3%, all organic; the company cited aerospace and electric-vehicle applications in Industrial Technologies and residential and nonresidential construction in Building Technologies. DuPont Q2 2026 Form 10-Q, pp. 42-44, 51-53.

The company's segment measure is **Operating EBITDA**, which it defines by adjusting pretax income for specified items, including interest, depreciation, amortization, non-operating pension and other post-employment costs, foreign-exchange gains or losses, and certain other exclusions and adjustments. DuPont states this is the measure its chief operating decision maker uses to assess segment performance and allocate resources. It is not GAAP income, cash flow, or a return on invested capital. Nor does a segment's reported result reveal the return on

the next dollar invested. [DuPont Q2 2026 Form 10-Q, pp. 42-46.](#)

For the six months ended June 30, segment R&D expense was \$41 million in HWT and \$51 million in DI. The comparable figures were \$42 million and \$48 million, respectively. DuPont reports these as significant segment expenses, but the amounts do not reveal the quality of each segment's research pipeline, the value of projects under development, or whether one segment is under- or overinvesting. [DuPont Q2 2026 Form 10-Q, p. 44.](#)

The recent transactions also shaped the available choices. DuPont had acquired Spectrum Plastics in 2023 and Donatelle Plastics in 2024, both placed in Healthcare Technologies. It acquired Sinochem (Ningbo) RO Memtech in October 2025, placing it in Water Technologies. These additions suggest growth and capability-building ambitions in HWT, but public segment disclosures do not isolate acquired businesses' contribution or demonstrate realized acquisition synergies. [DuPont 2025 Form 10-K, p. 7.](#)

A broader competitive landscape

DuPont says it competes with multinational and regional companies across multiple markets. It identifies innovation, technology, sustainability, price, customer service, regulation, and local support as competitive dimensions. Its product-market breadth makes a single peer comparison difficult.

One public water-sector comparator illustrates the point. Xylem reported 2025 revenue of \$9.0 billion and four segments covering water infrastructure, applied water, measurement and control, and water solutions and services. Its products include water-treatment equipment, filtration, reverse osmosis, digital monitoring, and services. There is potential overlap in certain water applications, but Xylem's integrated water-cycle portfolio and segment structure differ from DuPont's membrane, resin, and filtration products. The figures are not a direct market-share or performance comparison. [Xylem 2025 Form 10-K, pp. 3, 6-9.](#)

In other markets, DuPont's businesses face different competitive sets: medical-device component suppliers compete on design and specialized manufacturing; protective materials and medical packaging face material and product alternatives; building products are exposed to construction cycles and building-code requirements; aerospace and automotive suppliers operate through demanding qualification and platform cycles. The company does not provide one competitor set or common market-growth forecast that maps neatly onto the two segments.

Financial flexibility-and opportunity cost

At June 30, 2026, DuPont reported approximately \$1.7 billion in cash and cash equivalents and \$3.125 billion in total debt. It also had a board-authorized \$2 billion share-repurchase program. In May, the company completed an accelerated repurchase of approximately \$275 million; on August 4, it announced an intent to repurchase another \$250 million in the third quarter. DuPont's second-quarter release reported \$400 million in cash provided by continuing operations and \$326 million of transaction-adjusted free cash flow, a company-defined non-GAAP measure. [DuPont Q2 2026 Form 10-Q, pp. 47, 53-57; Q2 results release.](#)

These disclosures place resource allocation in context, but they do not say that repurchases compete with a named segment project or that either segment has been denied funding. A capital allocation recommendation would require more information on the value, timing, risk, and resource needs of actual opportunities, as well as debt, dividends, integration, and other corporate needs.

What research can-and cannot-tell you

Research on corporate scope offers competing mechanisms. Helfat and Eisenhardt (2004) describe inter-temporal economies of scope: firms may create value by redeploying resources between related businesses as they enter and exit markets. Such transfer can also impose adjustment costs, and the article's model does not establish that DuPont's particular businesses can share or redeploy resources. Students should look for a specific capability, resource, or customer benefit before calling a portfolio "related."

Meta-analyses do not offer one universal rule. Palich, Cardinal, and Miller (2000) report that a moderate level of diversification performed better than limited or extensive diversification across 55 studies, while also noting that results depend on how diversification and performance are measured. A later meta-analysis of 267 studies by Schommer, Richter, and Karna (2019) reports that the relationship between unrelated diversification and performance improved over time, while the relationship for related diversification was relatively stable. Its historical average is not a forecast for this company.

The corporate center itself can be an advantage or a source of distortion. Scharfstein and Stein (2000) model how division managers' influence-seeking may bias internal capital allocation toward subsidies for weaker businesses. Their theoretical model is not evidence about DuPont's budgeting process. The case author reviewed the publisher abstract and indexed abstract of an author-hosted manuscript; full-text access was unavailable. The model raises a governance question: what decision rules would help headquarters select high-value projects without funding them simply because of segment size, managerial influence, or an appealing strategic story?

The decision

Assume, for classroom purposes only, that you are preparing an investment-priority recommendation for DuPont's next annual planning cycle. No specific budget amount or proposed project list has been disclosed publicly, so do not assume that one exists. Your recommendation should address where leadership attention and discretionary growth resources should go, what evidence should govern the allocation, and how DuPont should learn and adjust after funding decisions are made.

Should DuPont give one segment a clearer priority? Should it preserve a balanced approach across HWT and DI? Or should it make no segment-level preference and allocate proposal by proposal? What information would you request before committing substantial resources, and what milestones would cause you to increase, redirect, or stop investment?

Selected sources

- DuPont, 2025 Form 10-K, filed February 17, 2026, especially pp. 5-10, 31-44 and Notes 3 and 23. [SEC filing](#).
- DuPont, Q2 2026 Form 10-Q, filed August 4, 2026, especially pp. 42-57 and transaction disclosures. [SEC filing](#).
- DuPont, "DuPont Reports Second Quarter 2026 Results," August 4, 2026. [Company release](#).
- Xylem, 2025 Form 10-K, especially pp. 3, 6-9. [SEC filing](#).
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