

and services commercial and military aircraft engines; Otis (\$12.5 billion) the world's largest manufacturer and servicer of elevators and escalators; UTC Climate (\$16.8 billion) makes heating, ventilating, and air-conditioning (HVAC) equipment; Sikorsky (\$6.2 billion) offs. own less than 1% of common; State Street, 11.5%; Black-Rock, 6.7% (3/14 proxy). Employs about 212,000. Chairman & CEO: Louis R. Chenevert. Inc.: DE. Address: One Financial Plaza, Hartford, CT 06103. Tel.: 860-728-7000. Internet: www.utc.com.

ANNUAL RATES Est'd '11-'13 Past Past 5 Yrs. 3.5% 6.0% 6.0% to '17-'19 5.5% 8.5% 8.5% of change (per sh) 10 Yrs. 8.0% 9.0% 10.0% Revenues "Cash Flow" Earnings Dividends Book Value 15.0% 11.5% 11.5%

29610

6431

23786

1624 15731 29442

6965 500

15335

22800

29641

7297 407

16626

24330

Current Assets

Accts Payable Debt Due

Current Liab

Cal- endar	QUAR Mar.31	TERLY RE Jun.30			Full Year
2011	13344	15076	14804	14966	58190
2012	12416	13807	15042	16443	57708
2013	14399	16006	15462	16759	62626
2014	14745	17191	16200	17194	65330
2015	15500	17500	17000	18000	68000
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2011	1.11	1.45	1.47	1.47	5.49
2012	1.31	1.62	1.37	1.04	5.34
2013	1.39	1.71	1.57	1.60	6.21
2014	1.32	1.84	1.81	1.88	6.85
2015	1.55	1.95	1.95	2.05	7.50
Cal-	QUARTERLY DIVIDENDS PAID B				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2010	.425	.425	.425	.425	1.70
2011	.425	.48	.48	.48	1.87
2012	.48	.48	.535	.535	2.03
2013	.535	.535	.535	.59	2.20
2014	.59	.59	.59		

United Technologies appears to be phase. going through a corrective UTX is currently trading near a 52-week low as a bearish stance has been taken by many on Wall Street. The most glaring metric that pundits point to when stating their negative case is the reduced top-line outlook for 2015. Management has always slanted on the cautious side with regard to their guidance, but the 4% growth, to \$68 billion in revenues, for next year seems to have sent a bevy of shareholders toward the exits. To be fair, this equity has been on a slow-but-steady incline since the middle of 2012 while many had been calling for the shares to head south over the last year; however it persevered to just over the \$120 mark earlier this year. Now, the sentiment has soured considerably. To be clear, we are nowhere near as down on this Dow-30 component as some. In fact, its Timeliness rank has actually risen one notch during this decline, due to the improved entry point now available to prospective investors.

Let's take a look at some of the company's various units. For starters, the aerospace business now makes up the bulk

of revenues with Goodrich securely under the UTX umbrella. This arm is generating annual sales in the vicinity of \$35 billion. Program starts and backlogs are stout, and late-cycle visibility is elevated. Aerospace is on an upswing and United Technologies will reap the benefits. Elsewhere the nonresidential commercial division, nearly \$21 billion in annual revenues, is strengthening. Indicators are in the business' favor, and a revenue uptick should be forthcoming. Too, 20% of revenues come from emerging markets that enhance growth and give the portfolio a balanced global footprint. So, where exactly is the problem? In all likelihood, the top-line concern will prove much ado about nothing when all is said and done.

Money is being put to good use. Subscribers will notice a slightly lower debt burden, share repurchases, and an increased capital spending assumption. Leadership is staying the course despite the recent share-price turbulence.

At current levels, these high-quality shares are a strong selection for longterm total return.

October 17, 2014

(A) Diluted EPS. Excludes discontinued operations: '99, 68¢, '04, 15¢, '05, 6¢, '12, 32¢, '13, 4¢. Quarterly figures may not sum due to rounding and/or changes in share count. Next

(B) Dividends historically paid in early March, June, September, and December. ■ Dividend (D) In millions, adjusted for stock split.

earnings report due between October 20th and October 24th. reinvestment plan available (C) Includes intangibles. In (C) Includes intangibles. In 2013: \$43.7 billion, \$47.67 a share.

Erik M. Manning

Company's Financial Strength Stock's Price Stability A++ 90 Price Growth Persistence 95 **Earnings Predictability** 95

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