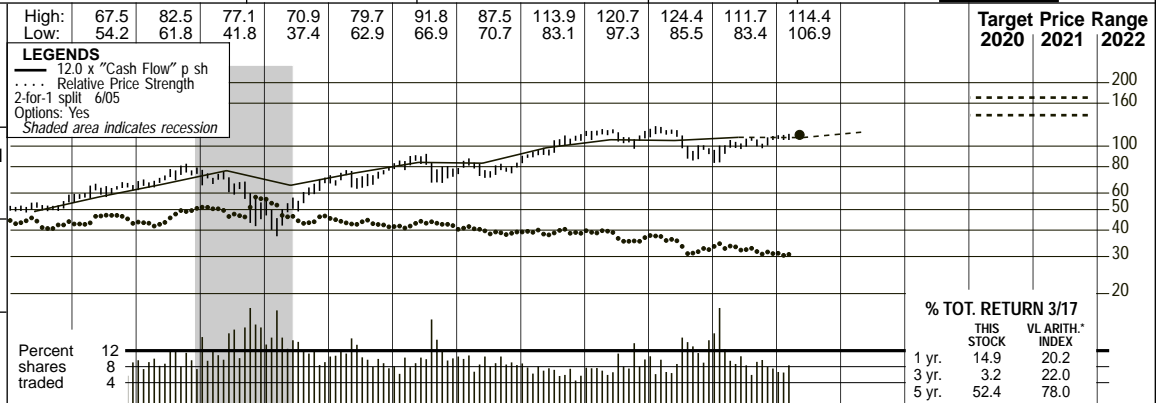


# UNITED TECH. NYSE-UTX

RECENT PRICE **112.99** P/E RATIO **17.6** (Trailing: 17.1, Median: 15.0) RELATIVE P/E RATIO **0.90** DIV'D YLD **2.3%** **VALUE LINE**

**TIMELINESS** 3 Lowered 3/24/17  
**SAFETY** 1 Raised 5/9/97  
**TECHNICAL** 3 Lowered 1/6/17  
**BETA** 1.00 (1.00 = Market)



**2020-22 PROJECTIONS**

Price	170	Gain	(+50%)	Ann'l Total Return	13%
High	170	Low	140	Gain	(+25%)
Low	140	Gain	(+25%)	Return	8%

**Insider Decisions**

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	1	0	0
Options	2	1	3	1	0	2	2	1	7
to Sell	1	2	3	0	0	2	2	0	8

**Institutional Decisions**

	202016	3Q2016	4Q2016
to Buy	662	647	707
to Sell	644	643	669
Hlds(000)	674139	647933	645816

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
29.54	30.04	30.19	36.63	41.70	48.04	55.79	62.27	56.49	58.97	64.14	62.80	68.32	71.59	66.92	70.79	<b>73.00</b>	<b>76.55</b>	Revenues per sh	<b>96.25</b>
2.98	3.15	3.07	3.68	4.09	4.79	5.50	6.38	5.43	6.22	6.97	6.93	8.19	8.94	8.86	9.18	<b>9.15</b>	<b>9.75</b>	"Cash Flow" per sh	<b>13.50</b>
1.92	2.21	2.35	2.73	3.05	3.64	4.27	4.90	4.12	4.74	5.49	5.34	6.21	6.82	6.29	6.61	<b>6.55</b>	<b>7.00</b>	Earnings per sh <sup>A</sup>	<b>10.25</b>
.45	.49	.57	.70	.88	1.02	1.17	1.35	1.54	1.70	1.87	2.03	2.20	2.36	2.56	2.62	<b>2.70</b>	<b>2.80</b>	Div's ds Decl'd per sh <sup>B</sup>	<b>3.40</b>
.84	.62	.52	.78	.92	.96	1.17	1.29	.88	.94	1.08	1.51	1.84	1.88	1.97	2.10	<b>2.15</b>	<b>2.20</b>	Cap'l Spending per sh	<b>2.35</b>
8.53	8.90	11.39	13.70	16.76	17.37	21.76	16.89	21.42	23.21	24.12	28.20	34.76	34.32	32.63	34.10	<b>36.05</b>	<b>38.50</b>	Book Value per sh <sup>C</sup>	<b>50.00</b>
944.32	939.24	1028.1	1022.2	1013.9	995.70	981.52	942.29	936.74	921.27	907.22	918.85	916.69	909.38	838.34	808.70	<b>805.00</b>	<b>805.00</b>	Common Shs Outst'g <sup>D</sup>	<b>800.00</b>
18.1	14.8	15.6	16.9	17.0	16.9	16.8	13.1	13.4	15.0	14.6	14.7	16.0	16.4	17.0	15.3	<b>15.0</b>	<b>15.0</b>	Avg Ann'l P/E Ratio	<b>15.0</b>
.93	.81	.89	.89	.91	.91	.89	.79	.89	.95	.92	.94	.90	.86	.86	.80	<b>.86</b>	<b>.80</b>	Relative P/E Ratio	<b>.95</b>
1.3%	1.5%	1.6%	1.5%	1.7%	1.6%	1.6%	2.1%	2.8%	2.4%	2.3%	2.6%	2.2%	2.1%	2.4%	2.6%	<b>2.4%</b>	<b>2.6%</b>	Avg Ann'l Div'd Yield	<b>2.2%</b>

**CAPITAL STRUCTURE as of 12/31/16**  
 Total Debt \$23.9 bill. Due in 5 Yrs \$8.4 bill.  
 LT Debt \$21.7 bill. LT Interest \$1.2 bill.  
 (44% of Cap'l)  
 Annual Rentals Leases, uncapitalized \$462 mill.  
 Pension Assets-12/16 \$30.6 bill. Oblig. \$34.9 bill.  
 Preferred Stock None  
 Common Stock 808,701,000 shares  
**MARKET CAP: \$91.4 billion (Large Cap)**

CURRENT POSITION	2014	2015	12/31/16
Cash Assets	5235	7075	7157
Receivables	11317	10653	11481
Inventory (Avg Cst)	9865	8135	8704
Other	3341	843	1208
Current Assets	29758	26706	28550
Accts Payable	6967	6875	7483
Debt Due	1922	1105	2204
Other	14006	14638	12219
Current Liab.	22895	22618	21906

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '14-'16 to '20-'22
Revenues "Cash Flow"	5.0%	3.0%	5.5%
Earnings	8.0%	7.5%	7.0%
Dividends	7.5%	6.5%	7.5%
Book Value	11.5%	8.0%	5.0%
	8.0%	8.0%	7.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	14745	17191	16168	16996	65100
2015	13320	14690	13788	14300	56098
2016	13357	14874	14354	14659	57244
2017	<b>13480</b>	<b>15170</b>	<b>14800</b>	<b>15310</b>	<b>58760</b>
2018	<b>14210</b>	<b>15875</b>	<b>15525</b>	<b>16000</b>	<b>61610</b>

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	1.32	1.84	2.04	1.62	6.82
2015	1.58	1.73	1.61	1.37	6.29
2016	1.47	1.82	1.76	1.56	6.61
2017	<b>1.40</b>	<b>1.75</b>	<b>1.70</b>	<b>1.70</b>	<b>6.55</b>
2018	<b>1.50</b>	<b>1.85</b>	<b>1.85</b>	<b>1.80</b>	<b>7.00</b>

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.535	.535	.535	.59	2.20
2014	.59	.59	.59	.59	2.36
2015	.64	.64	.64	.64	2.56
2016	.64	.66	.66	.66	2.62
2017	.66				

**BUSINESS:** United Technologies Corp. operates in four business segments: *Pratt & Whitney* (revenues of \$14.9 billion in '16) makes and services commercial and military aircraft engines; *Otis* (\$11.9 billion) the world's largest manufacturer and servicer of elevators and escalators; *UTC Climate* (\$16.9 billion) makes heating, ventilating, and air-conditioning (HVAC) equipment; *UTC Aerospace*

**United Technologies 2017 earnings will probably come in down a few cents from last year's tally.** Capital spending to get new aircraft programs off the ground has been sizable. UTX makes numerous parts on these vessels, and the initial spend is upfront and takes a toll on margins during the early stages. Boeing and Airbus are two huge customers with new models in the pipeline, and the windfall that could come into United's aerospace branches is worth some near-term crimps to the bottom line. The same can be said for other industrial components, like the Otis division, which has had large capital outlays to remedy market coverage problems. In a similar vein, this funding should be recouped down the line and factors into our earnings growth trajectory that should peak around \$10.25 out to 2020-2022. For the current year, however, our EPS call is actually being trimmed by a nickel, to \$6.55 a share. **In a recent interview, CEO Gregory Hayes spoke well of the U.S. operating environment.** While citing increased spending and a near full-employment backdrop, Mr. Hayes also intimated that

sentiment is up in a number of the company's end markets. This should lead to better sales in areas like HVAC and Otis. Also, the top executive was bullish about the Trump Administration's plans for tax reform. Of note, Mr. Hayes liked how the new regime was reaching out to American businesses. He also made note of the \$6 billion that UTX has parked overseas, and said that if given favorable terms on the repatriation of these funds, additional investments would be made and capital would be returned to shareholders in the form of share repurchases/dividends. **This high-quality equity has investment merit from several angles.** The Dow-30 component is currently only neutrally ranked for year-ahead relative performance. But our recently raised Target Price Range over the pull to early next decade results in about-average appreciation potential over that span. Too, the dividend payout exceeds the Value Line median on its own, but when added to the capital appreciation projections, a solid total return picture over the next three to five years starts to take shape. *Erik M. Manning* April 14, 2017

(A) Diluted EPS. Excludes discontinued operations: '04, 15¢, '05, 6¢, '12, 32¢, '13, 4¢, '16, 49¢. Quarterly figures may not sum due to rounding and/or changes in share count. Next earnings report due between April 25th and May 1st. (B) Dividends historically paid in early March, June, September, and December. (C) Includes intangibles. In 2016: \$42.7 billion, \$52.80 a share. (D) In millions, adjusted for stock split. **Company's Financial Strength** A++ **Stock's Price Stability** 95 **Price Growth Persistence** 60 **Earnings Predictability** 90