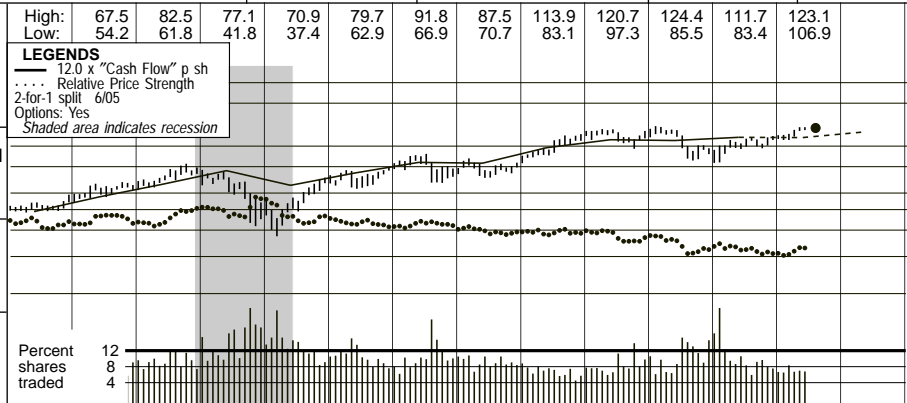


# UNITED TECH. NYSE-UTX

RECENT PRICE **122.08** P/E RATIO **18.5** (Trailing: 18.4 Median: 15.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **2.3%** VALUE LINE

TIMELINESS **5** Lowered 6/23/17  
SAFETY **1** Raised 5/9/97  
TECHNICAL **3** Raised 6/16/17  
BETA 1.00 (1.00 = Market)



**2020-22 PROJECTIONS**  
Price **170** Gain **(+40%)** Ann'l Total Return **11%**  
High **170** Low **140** (+15%) **6%**

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

**Institutional Decisions**  
3Q2016 4Q2016 1Q2017  
to Buy 647 707 665  
to Sell 643 669 704  
Hlds(000) 647933 645816 691372

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>73.80</b>	<b>77.45</b>	Revenues per sh	<b>96.65</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>13.55</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>6.60</b>	<b>7.05</b>	Earnings per sh <sup>A</sup>	<b>10.35</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>2.72</b>	<b>2.84</b>	Div's Decl'd per sh <sup>B</sup>	<b>3.46</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>2.25</b>	<b>2.30</b>	Cap'l Spending per sh	<b>2.45</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>35.75</b>	<b>38.15</b>	Book Value per sh <sup>C</sup>	<b>49.20</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>800.00</b>	<b>800.00</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 3/31/17**  
Total Debt \$22.1 bill. Due in 5 Yrs \$8.2 bill.  
LT Debt \$20.9 bill. LT Interest \$1.1 bill.  
(42% 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 801,227,504 shares

MARKET CAP: \$97.8 billion (Large Cap)

CURRENT POSITION	2015	2016	3/31/17
Cash Assets	7075	7157	7156
Receivables	10653	11481	11840
Inventory (Avg Cst)	8135	8704	9386
Other	843	1208	923
Current Assets	26706	28550	29305
Accts Payable	6875	7483	7520
Debt Due	1105	2204	1200
Other	14638	12219	15006
Current Liab.	22618	21906	23726

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

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	13815	15210	14820	15205	59050
2018	14300	15950	15600	16100	61950

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	1.48	1.77	1.73	1.62	6.60
2018	1.55	1.90	1.85	1.75	7.05

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	.66	.70		

**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*

**Earnings growth at United Technologies for 2017 will probably be about nil.** Our expectation is actually up a nickel from our April review, to \$6.60 a share, which would put that metric one cent below the 2016 tally. Still, the investment community has fully digested the fact that this year is going to be a transitional one for UTX. Revenues should rise 3%, a decent incline considering the size and scope of the company, but no particular area will shine, in our view. More importantly, significant funding will be poured into platforms that are approaching completion now, and will buoy results into next decade. Specifically, getting new aircraft programs off the ground will be a major focus. Boeing and Airbus have new models coming to market, and each component that United can contribute will boost the engine and aerospace divisions higher and higher. Add to this, the Otis arm made a large capital outlay to address market coverage problems. Taking account of these sizable items, EPS should be constrained this year, but using UTX's history as a guide, this money should be recouped down the road, as evidenced by our in-

creased bottom-line target for 2020-2022. The bottom line should ramp up past the \$7.00-a-share mark next year. Spending at many of its end markets remains sound, and a near-full employment backdrop should lend a hand. Overseas operations are a bit more clouded, but as long as construction maintains a decent level, HVAC sales should be stout and the Otis elevators and escalators should move. The speed of the aforementioned aerospace sales, if hastened, may provide upside.

**The primary draw for this untimely stock at this juncture is its income component.** The dividend yield is 30 basis points above the *Value Line* median. That said, UTX does have some other attributes that ought to appeal to risk-averse parties, in particular. Indeed, its 1 (Highest) Safety rank and strong score for Price Stability (95 out of 100) suggest a fairly steady ride. And while a 10% jump in value over the last three months has diminished capital appreciation potential three to five years hence, strong cash generation gives management the flexibility to improve growth prospects.

*Erik M. Manning* July 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 July 24th and 28th. (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.