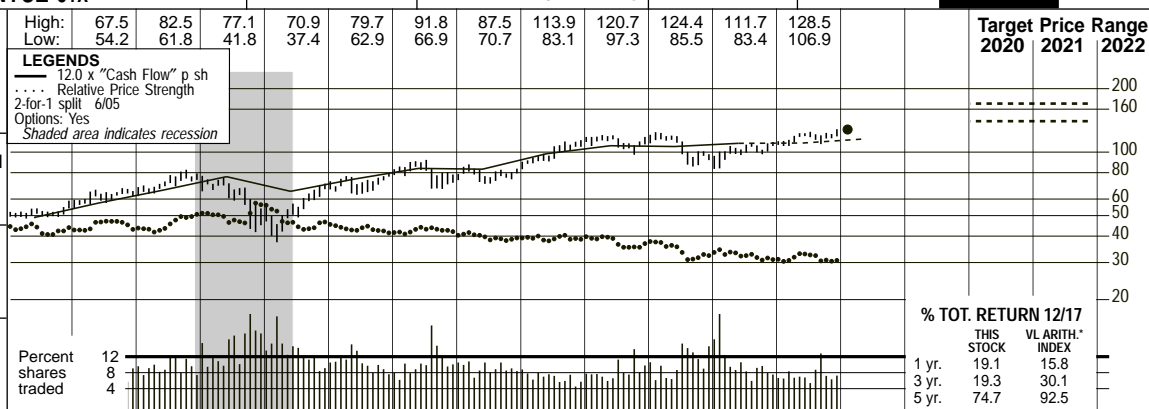


UNITED TECH. NYSE-UTX

RECENT PRICE **128.16** P/E RATIO **19.3** (Trailing: 19.4 Median: 15.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **2.2%** **VALUE LINE**

TIMELINESS 2 Raised 11/10/17
SAFETY 1 Raised 5/9/97
TECHNICAL 4 Lowered 1/5/18
BETA 1.00 (1.00 = Market)



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	74.55	78.70	Revenues per sh	97.75
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	9.25	9.65	"Cash Flow" per sh	13.60
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	6.60	6.85	Earnings per sh ^A	10.30
.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	2.72	2.84	Div'ds Decl'd per sh ^B	3.46
.84	.62	.52	.78	.92	.96	1.17	1.29	.88	.94	1.08	1.51	1.84	1.88	1.97	2.10	2.30	2.35	Cap'l Spending per sh	2.50
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	38.15	41.65	Book Value per sh ^C	50.00
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	800.00	800.00	Common Shs Outst'g ^D	800.00
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	17.7		Avg Ann'l P/E Ratio	15.0
.93	.81	.89	.89	.91	.91	.89	.79	.89	.95	.92	.94	.90	.86	.86	.80	.86		Relative P/E Ratio	.95
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%	2.3%		Avg Ann'l Div'd Yield	2.2%

CAPITAL STRUCTURE as of 9/30/17
 Total Debt \$27.2 bill. Due in 5 Yrs \$10.5 bill.
 LT Debt \$24.1 bill. LT Interest \$1.3 bill.
 (44% of Cap'l)

Annual Rentals Leases, uncapped \$462 mill.
Pension Assets-12/16 \$30.6 bill. Oblig. \$34.9 bill.

Preferred Stock None
Common Stock 798,596,921 shares

MARKET CAP: \$102 billion (Large Cap)

CURRENT POSITION 2015 2016 9/30/17 (\$MILL.)

54759	58681	52920	54326	58190	57708	62626	65100	56098	57244	59640	62970	Revenues (\$mill)	78200
15.0%	15.2%	14.6%	15.6%	15.2%	14.3%	15.8%	16.0%	20.6%	17.0%	17.0%	17.5%	Operating Margin	21.7%
1173.0	1321.0	1258.0	1356.0	1347.0	1524.0	1821.0	1907.0	1863.0	1962.0	2100	2225	Depreciation (\$mill)	2650
4224.0	4689.0	3829.0	4373.0	4979.0	4840.0	5686.0	6220.0	5563.0	5462.0	5280	5480	Net Profit (\$mill)	8240
28.8%	27.1%	27.4%	27.9%	29.3%	24.8%	26.9%	25.5%	31.5%	22.5%	22.5%	22.0%	Income Tax Rate	22.5%
7.7%	8.0%	7.2%	8.0%	8.6%	8.4%	9.1%	9.6%	9.9%	9.5%	8.9%	8.7%	Net Profit Margin	10.5%
4602.0	4665.0	5281.0	5778.0	7142.0	5824.0	6642.0	6863.0	4088.0	6644.0	8500	9000	Working Cap'l (\$mill)	11000
8015.0	9337.0	8257.0	10010	9501.0	21597	19741	17872	19320	21697	24000	23500	Long-Term Debt (\$mill)	20750
21355	15917	20066	21385	21880	25914	31866	31213	27358	27579	30500	33300	Shr. Equity (\$mill)	40000
15.4%	19.8%	14.6%	14.9%	16.6%	11.1%	11.9%	13.7%	12.7%	12.1%	11.0%	11.0%	Return on Total Cap'l	14.5%
19.8%	29.5%	19.1%	20.4%	22.8%	18.7%	17.8%	19.9%	20.3%	19.8%	17.5%	16.5%	Return on Shr. Equity	20.5%
14.7%	21.9%	12.3%	13.5%	15.4%	11.9%	11.9%	13.4%	12.4%	12.3%	10.0%	9.5%	Retained to Com Eq	13.5%
26%	26%	35%	34%	32%	36%	34%	33%	39%	38%	41%	41%	All Div'ds to Net Prof	34%

Cash Assets	7075	7157	8523
Receivables	10653	11481	13128
Inventory (Avg Cst)	8135	8704	10083
Other	843	1208	1229
Current Assets	26706	28550	32963
Accts Payable	6875	7483	8999
Debt Due	1105	2204	3197
Other	14638	12219	13053
Current Liab.	22618	21906	25249

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*

(\$14.5 billion) produces aerospace and industrial products. Acquired Goodrich (aerospace) 7/12, sold Sikorsky (helicopters) in 2015. Dirs. & offs. own less than 1% of common; State Street, 11.8%; Vanguard, 6.5%; BlackRock, 5.4% (3/17 proxy). Employees: 201,600. CEO: Gregory J. Hayes. Inc.: DE. Addr.: 1 Financial Plaza, Hartford, CT 06101. Tel.: 860-728-7000. Web: www.utc.com.

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	15280	15062	15483	59640
2018	14550	16200	15875	16345	62970

United Technologies high-quality stock is now timely. Trading at record levels near the \$130-a-share mark, we still think UTX will outpace the overall market over the coming year. The Rockwell Collins addition (more below) is being viewed in a positive light, even with the lofty price tag. The investment community is high on United's multifaceted approach with divisions in aerospace, defense, and construction. Too, it has a sizable position in the aftermarket business. With that, once its equipment is in place, the revenue streams continue via spare parts and servicing for elongated periods of time. Elsewhere, UTX's yield is north of the *Value Line* median and therefore merits investment consideration on its own.

into the picture, costs should arise tied to that pact for certain. **For 2018, earnings should flirt with all-time high levels.** The foundation has been laid and now it is time for the various arms that are already performing admirably to step up their respective games. If so, EPS should rise to the \$6.85 mark this year and ramp up at a steady pace to the \$10.00 milestone by early next decade. **We think the Rockwell Collins pact will clear all regulatory hurdles necessary.** UTX is purchasing the airplane equipment maker in a deal valued at \$30 billion. The marriage would give United an aerospace arm that should generate about \$38 billion in receipts per annum. That would put the combined entity among the largest suppliers in the world. For that reason, other players in the space are likely to challenge the tie-up, and antitrust concerns should come into play. The market echoes our sentiment that the deal will be sealed, and the Senate's approval of President Trump's nomination to head the DOJ's antitrust division is being viewed as another positive step.

Cal-endar	EARNINGS PER SHARE ^A				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	1.85	1.73	1.54	6.60
2018	1.45	1.92	1.80	1.68	6.85

Earnings for 2017 are likely to come in on par with the previous year's showing. Funding continues to be earmarked for programs that will reap strong returns in the years to come, notably on the engine front. Also, capital outlays in the Otis segment will take a bite out of EPS. It was already expected to be a transition year before the Rockwell deal and, now with that undertaking coming

Erik M. Manning
 January 12, 2018

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	.70	2.72
2018					

Dividends historically paid in early March, June, September, and December. ■ Dividend reinvestment plan available. (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	55
Earnings Predictability	90