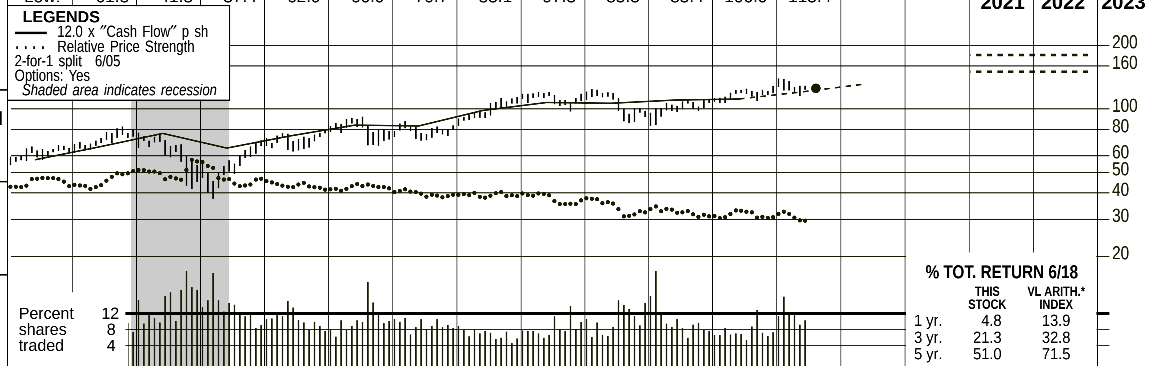
UNITED TECH. NYSE-UTX

RECENT PRICE **125.03** | P/E RATIO **17.5** (Trailing: 18.0; Median: 15.0) | RELATIVE P/E RATIO **0.95** | DIV'D YLD **2.2%** | VALUE LINE

TIMELINESS 3 Raised 5/4/18
SAFETY 1 Raised 5/9/97
TECHNICAL 3 Lowered 5/25/18
BETA 1.00 (1.00 = Market)

High:	82.5	77.1	70.9	79.7	91.8	87.5	113.9	120.7	124.4	111.7	128.5	139.2
Low:	61.8	41.8	37.4	62.9	66.9	70.7	83.1	97.3	85.5	83.4	106.9	115.4

Target Price Range
2021 | 2022 | 2023



2021-23 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	180	(+45%)	*11%*
Low	150	(+20%)	*7%*

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	1
Options	0	0	0	3	2	9	0	2	2
to Sell	0	0	0	3	0	1	0	1	3

Institutional Decisions

	3Q2017	4Q2017	1Q2018
to Buy	718	666	752
to Sell	698	666	787
Hld's(000)	685332	645814	658681

% TOT. RETURN 6/18

	THIS STOCK	VL ARITH.* INDEX
1 yr.	4.8	13.9
3 yr.	21.3	32.8
5 yr.	51.0	71.5

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	74.88	***80.85***	***85.75***	Revenues per sh	***104.85***
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	9.27	***10.05***	***10.90***	"Cash Flow" per sh	***14.60***
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	***7.15***	***7.80***	Earnings per sh A	***11.00***
.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***	***3.00***	Div'ds Decl'd per sh B■	***3.60***
.62	.52	.78	.92	.96	1.17	1.29	.88	.94	1.08	1.51	1.84	1.88	1.97	2.10	2.52	***2.55***	***2.65***	Cap'l Spending per sh	***3.00***
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	37.05	***40.95***	***44.30***	Book Value per sh C	***54.45***
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	799.13	***795.00***	***790.00***	Common Shs Outst'g D	***780.00***
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	*Bold figures are*		Avg Ann'l P/E Ratio	***15.0***
.81	.89	.89	.91	.91	.89	.79	.89	.95	.92	.94	.90	.86	.86	.80	.88	*Value Line*		Relative P/E Ratio	***.85***
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%	*estimates*		Avg Ann'l Div'd Yield	***2.2%***

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		21-23
58681	52920	54326	58190	57708	62626	65100	56098	57244	59837	***64270***	***67750***	Revenues ($mill)	***81800***
15.2%	14.6%	15.6%	15.2%	14.3%	15.8%	16.0%	20.6%	17.0%	15.8%	***17.4%***	***17.8%***	Operating Margin	***21.7%***
1321.0	1258.0	1356.0	1347.0	1524.0	1821.0	1907.0	1863.0	1962.0	2140.0	***2300***	***2450***	Depreciation ($mill)	***2800***
4689.0	3829.0	4373.0	4979.0	4840.0	5686.0	6220.0	5563.0	5462.0	5271.0	***5685***	***6165***	Net Profit ($mill)	***8580***
27.1%	27.4%	27.9%	29.3%	24.8%	26.9%	25.5%	31.5%	22.5%	27.4%	***22.0%***	***22.0%***	Income Tax Rate	***22.5%***
8.0%	7.2%	8.0%	8.6%	8.4%	9.1%	9.6%	9.9%	9.5%	8.8%	***8.8%***	***9.1%***	Net Profit Margin	***10.5%***
4665.0	5281.0	5778.0	7142.0	5824.0	6642.0	6863.0	4088.0	6644.0	8467.0	***8700***	***9150***	Working Cap'l ($mill)	***11000***
9337.0	8257.0	10010	9501.0	21597	19741	17872	19320	21697	24989	***24500***	***23500***	Long-Term Debt ($mill)	***21000***
15917	20066	21385	21880	25914	31866	31213	27358	27579	29610	***32550***	***35000***	Shr. Equity ($mill)	***42475***
19.8%	14.6%	14.9%	16.6%	11.1%	11.9%	13.7%	12.7%	12.1%	10.5%	***11.0%***	***11.5%***	Return on Total Cap'l	***14.5%***
29.5%	19.1%	20.4%	22.8%	18.7%	17.8%	19.9%	20.3%	19.8%	17.8%	***17.5%***	***17.5%***	Return on Shr. Equity	***20.0%***
21.9%	12.3%	13.5%	15.4%	11.9%	11.9%	13.4%	12.4%	12.3%	10.8%	***10.5%***	***11.0%***	Retained to Com Eq	***13.5%***
26%	35%	34%	32%	36%	34%	33%	39%	38%	39%	***40%***	***38%***	All Div'ds to Net Prof	***33%***

CAPITAL STRUCTURE as of 3/31/18
Total Debt $27.4 bill. **Due in 5 Yrs** $11.8 bill.
LT Debt $25.2 bill. **LT Interest** $1.4 bill.
(44% of Cap'l)

Annual Rentals Leases, uncapitalized $498 mill.
Pension Assets-12/17 $35.7 bill. **Oblig.** $32.6 bill.

Preferred Stock None
Common Stock 800,059,478 shares

MARKET CAP: $100.0 billion (Large Cap)

CURRENT POSITION ($MILL.)	2016	2017	3/31/18
Cash Assets	7157	8985	7667
Receivables	11481	12595	11699
Inventory (Avg Cst)	8704	9881	8938
Other	1208	1397	4437
Current Assets	28550	32858	32741
Accts Payable	7483	9579	8875
Debt Due	2204	2496	2194
Other	12219	12316	13678
Current Liab.	21906	24391	24747

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 to '21-'23
Revenues	4.0%	2.5%	*6.5%*
"Cash Flow"	6.5%	6.5%	*8.0%*
Earnings	6.0%	4.5%	*9.0%*
Dividends	10.0%	7.0%	*5.5%*
Book Value	6.5%	6.5%	*8.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	13320	14690	13788	14300	56098
2016	13357	14874	14354	14659	57244
2017	13815	15280	15062	15680	59837
2018	15242	***16260***	***16250***	***16518***	***64270***
2019	***16100***	***17130***	***17120***	***17400***	***67750***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1.60	6.60
2018	1.77	***1.85***	***1.80***	***1.73***	***7.15***
2019	***1.92***	***2.00***	***1.96***	***1.92***	***7.80***

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

BUSINESS: United Technologies Corp. operates in four business segments: *Pratt & Whitney* (revenues of $16.2 billion in '17) makes and services commercial and military aircraft engines; *Otis* ($12.3 billion) the world's largest manufacturer and servicer of elevators and escalators; *UTC Climate* ($17.8 billion) makes heating, ventilating, and air-conditioning (HVAC) equipment; *UTC Aerospace* ($15.0 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, 11.3%; Vanguard, 7.2%; BlackRock, 5.9% (3/18 proxy). Employees: 205,000. CEO: Gregory J. Hayes. Inc.: DE. Addr.: 1 Financial Plaza, Hartford, CT 06101. Tel.: 860-728-7000. Web: www.utc.com.

United Technologies' 2018 earnings growth expectation is up to just over 8%. Tax relief will go a long ways toward making up the difference in any costs associated with the sizable Rockwell Collins purchase and integration. Add to this that our revenue estimate is now $400 million higher than at the time of our April coverage due to a strong first-quarter showing from some of the company's operating arms, and its only natural we would add a dime on to our full-year EPS figure, which now stands at $7.15. Additionally, we have tacked on a nickel to next year's bottom-line call, now slotted to come in at $7.80.

Breakup news has been prevalent of late, and one stakeholder even has a plan laid out. It is perceived that management is coming around on the idea of splitting UTX into several pieces in light of the effects that both tax breaks and the Rockwell deal will have on the portfolio. Most recently, it appears leadership wants to focus on that acquisition and hold off on the breakup talk. Regardless, Daniel Loeb's Third Point hedge fund, which is on board to the tune of a $1 billion stake, has mapped out a split into three entities that it believes will unlock $20 billion in value. Climate, controls, and security, Otis elevators, and an aerospace company were named as the three tentacles. Also, Mr. Loeb stated that refinancing debt between 2020 and 2027 would put the price tag on such a move at around $200 million, whereas the in-house figure being floated has been $3 billion.

We are still not fully sold on the idea of dividing the company. While the $200 million number is a game-changer, we continue to believe that breakups work best when there is a neglected segment in the portfolio. That is not the case here. Too, we think much of this chatter is in direct response to negativity surrounding the conglomerate structure because of General Electric's woes. United is not in that type of a situation by any stretch of the imagination.

The primary appeal of this high-quality, neutrally ranked stock at this time is its dividend. Long-term appreciation potential is decent, but there are better options for that metric elsewhere in the industrial space.

Erik M. Manning *July 13, 2018*

(A) Diluted EPS. Excludes charges and discontinued operations: '04, 15¢, '05, 6¢, '12, 32¢, '13, 4¢, '16, 49¢; '17, 90¢. Quarterly figures may not sum due to rounding and/or changes in share count. Next earnings report due between July 23rd and 27th.
(B) Dividends historically paid in early March, June, September, and December. ■ Dividend reinvestment plan available.
(C) Includes intangibles. In 2017: $43.8 billion, $54.81 a share.
(D) In millions.

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	90