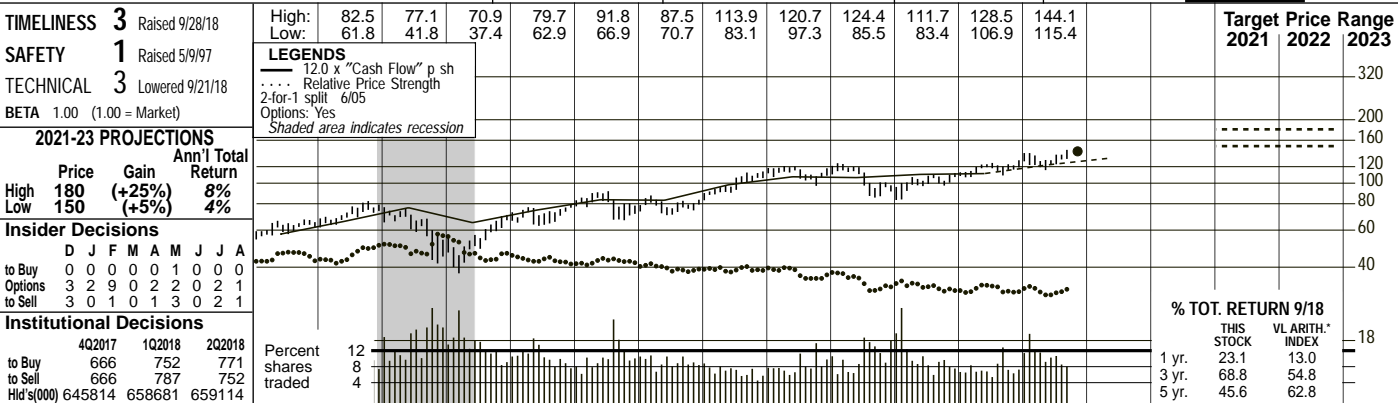


UNITED TECH. NYSE-UTX

RECENT PRICE **141.45** P/E RATIO **19.2** (Trailing: 20.0 Median: 15.0) RELATIVE P/E RATIO **1.07** DIV'D YLD **2.0%**

VALUE LINE



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	81.15	85.85	Revenues per sh	105.00
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	10.20	11.00	"Cash Flow" per sh	14.75
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	7.25	7.85	Earnings per sh ^A	11.05
.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	2.50	2.60	Cap'l Spending per sh	2.90
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	41.20	44.70	Book Value per sh ^C	54.60
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	17.5	17.5	Avg Ann'l P/E Ratio	15.0
.81	.89	.89	.91	.91	.89	.79	.89	.95	.92	.94	.90	.86	.86	.80	.88	.85	.85	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%	2.3%	2.3%	Avg Ann'l Div'd Yield	2.2%

CAPITAL STRUCTURE as of 6/30/18				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														Revenues (\$mill)	
Total Debt \$28.3 bill. Due in 5 Yrs \$12.0 bill.				58681	52920	54326	58190	57708	62626	65100	56098	57244	59837	64510	67810	81900			
LT Debt \$27.2 bill. LT Interest \$1.5 bill.				15.2%	14.6%	15.6%	15.2%	14.3%	15.8%	16.0%	20.6%	17.0%	15.8%	17.6%	18.0%	22.0%			
(45% of Cap'l)				1321.0	1258.0	1356.0	1347.0	1524.0	1821.0	1907.0	1863.0	1962.0	2140.0	2350	2500	2900			
Annual Rentals Leases, uncapitalized \$498 mill.				4689.0	3829.0	4373.0	4979.0	4840.0	5686.0	6220.0	5563.0	5462.0	5271.0	5765	6200	8620			
Pension Assets-12/17 \$35.7 bill. Oblig. \$32.6 bill.				27.1%	27.4%	27.9%	29.3%	24.8%	26.9%	25.5%	31.5%	22.5%	27.4%	22.0%	22.5%	22.5%			
Preferred Stock None				8.0%	7.2%	8.0%	8.6%	8.4%	9.1%	9.6%	9.9%	9.5%	8.8%	8.9%	9.1%	10.5%			
Common Stock 800,093,285 shares				4665.0	5281.0	5778.0	7142.0	5824.0	6642.0	6863.0	4088.0	6644.0	8467.0	12000	12500	13800			
MARKET CAP: \$113 billion (Large Cap)				9337.0	8257.0	10010	9501.0	21597	19741	17872	19320	21697	24989	27000	26500	22750			
CURRENT POSITION				15917	20066	21385	21880	25914	31866	31213	27358	27579	29610	32750	35300	42600			
CASH ASSETS				19.8%	14.6%	14.9%	16.6%	11.1%	11.9%	13.7%	12.7%	12.1%	10.5%	11.0%	11.0%	14.0%			
RECEIVABLES				29.5%	19.1%	20.4%	22.8%	18.7%	17.8%	19.9%	20.3%	19.8%	17.8%	17.5%	17.5%	20.0%			
INVENTORY				21.9%	12.3%	13.5%	15.4%	11.9%	11.9%	13.4%	12.4%	12.3%	10.8%	10.5%	11.0%	13.5%			
OTHER				26%	35%	34%	32%	36%	34%	33%	39%	38%	39%	39%	38%	33%			

Cal-endar	QUARTERLY REVENUES (\$mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	13320	14690	13788	14300	56098
2016	13357	14874	14354	14659	57244
2017	13815	15280	15062	15680	59837
2018	15242	16705	16160	16403	64510
2019	16075	17530	17000	17205	67810

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.97	1.82	1.69	7.25
2019	1.90	2.10	2.00	1.85	7.85

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	.70	.70	.70	.70	2.80

United Technologies stock is running hot on an improved earnings outlook and breakup talk. Second-quarter share net trumped both our and Wall Street's estimates. Too, management upped its expectations for the full-year bottom line. But there is more to the recent price surge into the \$140s, and to an all-time high for UTX. The Rockwell Collins' purchase was nearing completion as this Issue went to press, and soon after, leadership is set to announce the findings of its ongoing strategic review of operations. Recent commentary points to the announcement of a breakup plan to unlock shareholder value being in the cards.

We are coming around on the idea of splitting up the company. We have stated that the best time for a breakup is when there is a piece of the portfolio that is neglected. We do not have a case like that on our hands here. Regardless, the undervaluation of United versus its peers is getting more pronounced, even as a rising stock market has lifted most boats. Too, General Electric has given the conglomerate style a black eye of late and fortified the case for a division of UTX's many sizable parts. Add to this, activist hedge funds are now on board, and it is very clear they are here because they want the company busted into numerous pieces. In our view, UTX would be split into three; an aerospace arm, and stand-alone companies for the Otis elevator brand and the Climate & Controls unit. One item that has some parties still against the breakup is the cost of such moves, which we have pegged at between \$3 billion and \$4 billion. However, CEO Gregory Hayes has intimated that value creation will offset these expenses over time.

Our 2018 earnings estimate is a dime higher now, or \$7.25 a share. Tax relief at a time where operations are sound is providing a boost to share net. For next year, a climb to \$7.85 is doable given the strong global economic backdrop.

These high-quality shares do not have all that much investment appeal at such lofty valuations. The dividend is about average, but appreciation potential is subpar. More appealing options are available in the industrial diversified field at this juncture.

Erik M. Manning October 12, 2018

(A) Diluted EPS. Excludes charges and discontinued operations: '04, 15c; '05, 6c; '12, 32c; '13, 4c; '16, 49c; '17, 90c. Quarterly figures may not sum due to rounding and/or changes in share count. Next earnings report due between October 22nd and 26th.	(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.
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