

ModernGraham Valuation

Company Name:

Company Ticker UTX
Date of Analysis

United Technologies
Corporation

11/16/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$85,235,235,135	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.37	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	49.46%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.44	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.82	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.37	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.24	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.25
MG Growth Estimate	4.30%
MG Value	\$106.91
MG Value based on 3% Growth	\$90.62
MG Value based on 0% Growth	\$53.12
Market Implied Growth Rate	3.47%

MG Opinion

Current Price	\$96.48
% of Intrinsic Value	90.24%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$32.73
Graham Number	\$69.17
PEmg	15.44
Current Ratio	1.37
PB Ratio	2.82
Dividend Yield	2.60%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.18	Next Fiscal Year Estimate	\$6.25
Dec14	\$6.82	Dec14	\$6.12
Dec13	\$6.25	Dec13	\$5.60
Dec12	\$5.66	Dec12	\$5.17
Dec11	\$5.49	Dec11	\$4.86
Dec10	\$4.74	Dec10	\$4.48
Dec09	\$4.12	Dec09	\$4.23
Dec08	\$4.90	Dec08	\$4.09
Dec07	\$4.27	Dec07	\$3.68
Dec06	\$3.71	Dec06	\$3.35
Dec05	\$3.03	Dec05	\$3.07
Dec04	\$2.64	Dec04	\$2.95
Dec03	\$4.69	Dec03	\$2.87
Dec02	\$2.21	Dec02	\$1.89
Dec01	\$1.92	Dec01	\$1.65
Dec00	\$1.78	Dec00	\$1.44
Dec99	\$1.51	Dec99	\$1.21
Dec98	\$1.27	Balance Sheet Information	Sep15
Dec97	\$1.05	Total Current Assets	\$32,359,000,000
Dec96	\$0.87	Total Current Liabilities	\$23,689,000,000
Dec95	\$0.72	Long-Term Debt	\$19,428,000,000
		Total Assets	\$92,135,000,000
		Intangible Assets	\$42,926,000,000
		Total Liabilities	\$61,610,000,000
		Shares Outstanding (Diluted Average)	893,600,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [United Technologies Corporation Annual Valuation – 2014 \\$UTX](#)
- [10 Companies in the Spotlight This Week – 11/15/13](#)
- [ModernGraham Valuation: United Technologies Corp \(UTX\)](#)

Other ModernGraham posts about related companies

- [Northrop Grumman Corporation Valuation – November 2015 Update \\$NOC](#)
- [Raytheon Company Valuation – October 2015 Update \\$RTN](#)
- [Precision Castparts Corporation Analysis – October 2015 Update \\$PCP](#)
- [Raytheon Company Analysis – July 2015 Update \\$RTN](#)
- [Precision Castparts Corporation Analysis – June 2015 Update \\$PCP](#)
- [L3 Communications Holdings Inc. Quarterly Valuation – May 2015 \\$LLL](#)
- [Raytheon Corporation Quarterly Valuation – April 2015 \\$RTN](#)
- [Precision Castparts Corporation Quarterly Valuation – February 2015 \\$PCP](#)
- [L-3 Communications Holdings Inc. Quarterly Valuation – February 2015 \\$LLL](#)
- [Lockheed Martin Corporation Annual Valuation – 2015 \\$LMT](#)