# **ModernGraham Valuation**

# **Company Name:**

United Technologies Corporation



Company Ticker UTX
Date of Analysis

2/26/2018

### 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.

<ol> <li>Adequate Size of the Enterprise</li> </ol>	Market Cap > \$2Bil	\$108,345,986,920 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.35 Fail
Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
<ol><li>Earnings Growth</li></ol>	beginning and end	30.59% Fail
Moderate PEmg Ratio	PEmg < 20	20.36 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.65 Fail

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

<ol> <li>Sufficiently Strong Financial Condition</li> </ol>	Current Ratio > 1.5	1.35 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.95 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
	Score	

Score

Suitability

Defensive No Enterprising No

## Stage 2: Determination of Intrinsic Value

EPSmg	\$6.65
MG Growth Estimate	1.31%
MG Value	\$73.95
MG Value based on 3% Growth	\$96.47
MG Value based on 0% Growth	\$56.55
Market Implied Growth Rate	5.93%

MG Opinion

Current Price \$135.47 % of Intrinsic Value 183.20%

Opinion Overvalued

MG Grade C

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$43.16
Graham Number	\$75.98
PEmg	20.36
Current Ratio	1.35
PB Ratio	3.65
Current Dividend	\$2.72
Dividend Yield	2.01%
Number of Consecutive Years of Dividend Growth	20

Morningstar

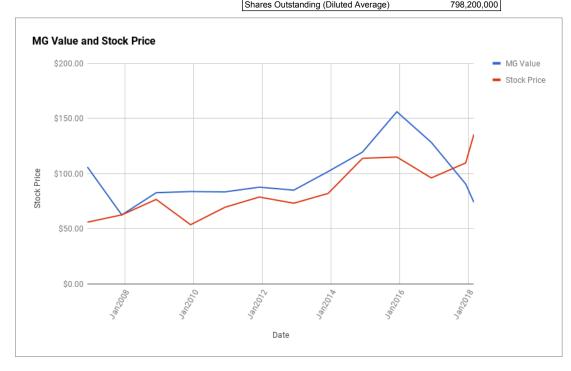
Useful Links: ModernGraham tagged articles

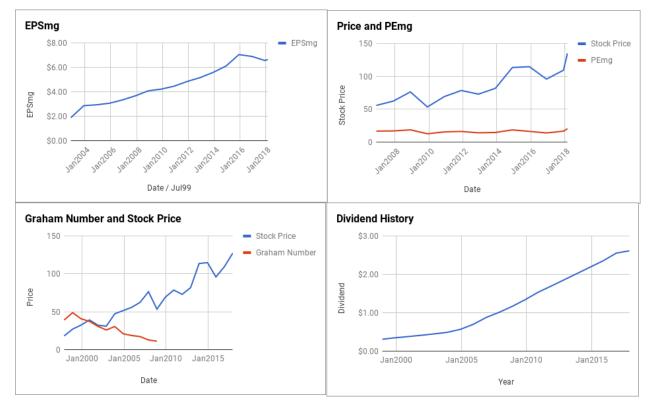
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.92	Next Fiscal Year Estimate	\$6.65
Dec2017	\$5.70	Dec2017	\$6.58
Dec2016	\$6.12	Dec2016	\$6.9°
Dec2015	\$8.61	Dec2015	\$7.06
Dec2014	\$6.82	Dec2014	\$6.12
Dec2013	\$6.25	Dec2013	\$5.6
Dec2012	\$5.66	Dec2012	\$5.1°
Dec2012	\$5.49	Dec2012	\$4.8
Dec2010	\$4.74	Dec2010	\$4.4
Dec2009	\$4.74 \$4.12	Dec2009	\$4.4 \$4.2
Dec2009 Dec2008		Dec2009	
Dec2008 Dec2007	\$4.90	Dec2008 Dec2007	\$4.0
	\$4.27		\$3.6
Dec2006	\$3.71	Dec2006	\$3.3
Dec2005	\$3.03	Dec2005	\$3.0
Dec2004	\$2.64	Dec2004	\$2.9
Dec2003	\$4.69	Dec2003	\$2.8
Dec2002	\$2.21	Dec2002	\$1.8
Dec2001	*	Balance Sheet Information	12/1/201
Dec2000	•	Total Current Assets	\$32,858,000,00
Dec1999	\$1.51	Total Current Liabilities	\$24,391,000,00
Dec1998	\$1.27	Long-Term Debt	\$24,989,000,00
		Total Assets	\$96,920,000,00
		Intangible Assets	\$43,793,000,00
		Total Liabilities	\$67,310,000,00
		Shares Outstanding (Diluted Average)	798,200,00





#### 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 <u>Dividend Growth Stocks for Intelligent Investors – February 2016</u>

 $\underline{\text{11 Best Stocks For Value Investors This Week} - \text{11/21/15}}$ 

<u>United Technologies Corp Valuation – November 2015 Update \$UTX</u>

26 Companies in the Spotlight This Week - 11/22/14

<u>United Technologies Corporation Annual Valuation – 2014 \$UTX</u>

Other ModernGraham posts about related companies <u>Triumph Group Inc Valuation – Initial Coverage \$TGI</u>

Raytheon Company Valuation – April 2017 \$RTN

General Dynamics Corp Valuation – March 2017 \$GD

TASER International Inc Valuation - Initial Coverage \$TASR

Cubic Corporation Valuation – Initial Coverage \$CUB

Northrop Grumman Corp Valuation - February 2017 \$NOC

Rockwell Collins Inc Valuation - January 2017 \$COL

Raytheon Company Valuation - August 2016 \$RTN

Rockwell Collins Inc Valuation - August 2016 \$COL

L-3 Communications Holdings Inc Valuation – July 2016 \$LLL