

ModernGraham Valuation

United Technologies
Corporation



Company Name:

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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$108,345,986,920	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.35	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	30.59%	Fail
6. 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.

1. Sufficiently Strong Financial Condition	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 Score		Pass

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

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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	\$6.91
Dec2015	\$8.61	Dec2015	\$7.06
Dec2014	\$6.82	Dec2014	\$6.12
Dec2013	\$6.25	Dec2013	\$5.60
Dec2012	\$5.66	Dec2012	\$5.17
Dec2011	\$5.49	Dec2011	\$4.86
Dec2010	\$4.74	Dec2010	\$4.48
Dec2009	\$4.12	Dec2009	\$4.23
Dec2008	\$4.90	Dec2008	\$4.09
Dec2007	\$4.27	Dec2007	\$3.68
Dec2006	\$3.71	Dec2006	\$3.35
Dec2005	\$3.03	Dec2005	\$3.07
Dec2004	\$2.64	Dec2004	\$2.95
Dec2003	\$4.69	Dec2003	\$2.87
Dec2002	\$2.21	Dec2002	\$1.89
Dec2001	\$1.92	Balance Sheet Information 12/1/2017	
Dec2000	\$1.78	Total Current Assets	\$32,858,000,000
Dec1999	\$1.51	Total Current Liabilities	\$24,391,000,000
Dec1998	\$1.27	Long-Term Debt	\$24,989,000,000
		Total Assets	\$96,920,000,000
		Intangible Assets	\$43,793,000,000
		Total Liabilities	\$67,310,000,000
		Shares Outstanding (Diluted Average)	798,200,000





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

- [Dividend Growth Stocks for Intelligent Investors – February 2016](#)
- [11 Best Stocks For Value Investors This Week – 11/21/15](#)
- [United Technologies Corp Valuation – November 2015 Update \\$UTX](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [United Technologies Corporation Annual Valuation – 2014 \\$UTX](#)

Other ModernGraham posts about related companies

- [Triumph Group Inc Valuation – Initial Coverage \\$TGI](#)
- [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](#)