Raytheon Technologies Corp. (RTX)

Updated July 23rd, 2025, by Nathan Parsh

Key Metrics

Current Price:	$156	**5 Year CAGR Estimate:**	0.1%	**Market Cap:**	$209 B
Fair Value Price:	$100	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	08/15/25
% Fair Value:	156%	**5 Year Valuation Multiple Estimate:**	-8.5%	**Dividend Payment Date:**	09/04/25
Dividend Yield:	1.7%	**5 Year Price Target**	$140	**Years Of Dividend Growth:**	31
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Raytheon Technologies (RTX) was created on April 3rd, 2020, after the completion of the merger between Raytheon (previous ticker: RTN) and United Technologies (previous ticker: UTX), following United Technologies' spin-offs of its Carrier (CARR) and Otis (OTIS) businesses. The combined business, trading with a $209 billion market cap and headquartered in Waltham, MA, is one the largest aerospace and defense companies in the world with ~$84 billion in annual sales and a global team of 186,000 employees, including 60,000 engineers and scientists. The company now has three segments: Collins Aerospace Systems, Pratt & Whitney, and Raytheon, which is composed of the former Raytheon Intelligence & Space and Raytheon Missiles & Defense businesses.

On May 1st, 2025, Raytheon Technologies increased its quarterly dividend 7.9% to $0.68.

On July 22nd, 2025, Raytheon Technologies announced second quarter results for the period ending June 30th, 2025. For the quarter, revenue increased 9% to $21.6 billion, which beat estimates by $950 million. Adjusted earnings-per-share of $1.56 compared to $1.41 in the prior year and was $0.13 better than expected.

Organic sales were up 9% for the period when adjusting for divestitures. For the quarter, organic revenue was higher by 12%, 9%, and 6% for the Pratt & Whitney, Collins Aerospace, and Raytheon segments, respectively. Raytheon Technologies' backlog at the end of the quarter was $236 billion, of which $144 billion was from commercial aerospace and $92 billion was from defense.

Raytheon Technologies provided updated guidance for 2025 as well. The company now expects organic revenue growth of 6% to 7% for the year, up from to grow 4% to 6% previously. Adjusted earnings-per-share are projected to be in a range of $5.80 to $5.95, down from $6.00 to $6.15 previously, largely due to tariffs.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$6.29	$6.61	$6.60	$7.61	$8.26	$2.73	$4.27	$4.78	$5.06	$5.73	***$5.88***	***$8.25***
DPS	$2.56	$2.62	$2.72	$2.84	$2.94	$2.16	$2.01	$2.16	$2.36	$2.48	***$2.72***	***$3.81***
Shares[1]	838	809	799	861	864	1,515	1,509	1,476	1,362	1,349	***1,354***	***1,330***

Note that we have elected to show United Technologies' history through 2019, as ~57% of the new business is now owned by legacy UTX shareholders. However, the company is much different today with the merger and spin-offs. With that being said, both United Technologies and Raytheon have put together solid operating records. In the last decade the company's earnings-per-share fell by an average rate of 1%, though this is misleading due to the spinoff. Moving forward, we anticipate solid growth to continue, forecasting 7% growth over the intermediate term. This takes into account the strong history of the underlying operating businesses, along with the idea of growth becoming more difficult given the size of the business along with the recent uncertainty related to the worldwide COVID-19 pandemic. The company has raised its dividend for 31 years.

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[1] In millions.

Disclosure: This analyst has a long position in the security discussed in this research report.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.0	15.3	17.7	16.8	16.1	22.0	18.4	21.1	16.6	20.2	***26.5***	***17.0***
Avg. Yld.	2.4%	2.6%	2.3%	2.2%	2.2%	3.6%	2.6%	2.1%	2.8%	2.1%	***1.7%***	***2.7%***

Shares of Raytheon Technologies have gained $34, or 27.9%, since our April 25th, 2025 update. The stock has traded with an average P/E ratio of close to 18 times earnings over the past decade. We believe fair value to be closer to 17 times earnings. With shares trading at more than 26 times estimated earnings, this implies a meaningful valuation headwind. Reverting to our target valuation would reduce annual returns by 8.5% through 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	41%	40%	41%	37%	36%	79%	47%	45%	47%	43%	***46%***	***46%***

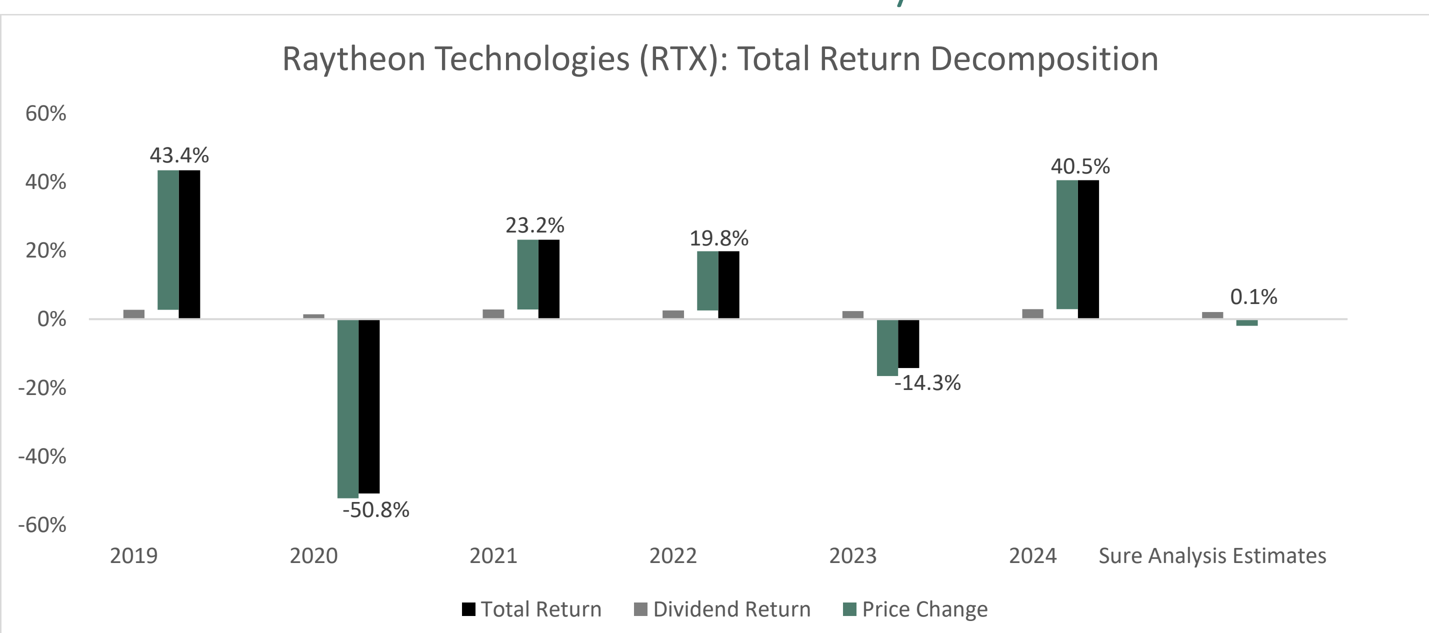
Both United Technologies and Raytheon showed tremendous resiliency during the last recession, with UTX posting $4.90, $4.12, $4.74, and $5.49 in earnings-per-share during the 2008 through 2011 timeframe, while Raytheon increased earnings every year during the recession. Moreover, both companies kept increasing their dividends during this period.

As of Q2 2025, Raytheon Technologies held $4.8 billion in cash, $54.7 billion in current assets, and $167.1 billion in total assets against $54.3 billion in current liabilities and $102.9 billion in total liabilities. Long-term debt stood at $38.2 billion.

Final Thoughts & Recommendation

We remain enthused on several fronts about Raytheon Technologies, including the storied histories of the combined companies, the resilient businesses, and the tremendous backlog. The impact of the Pratt engine defect negatively impacted results last year, but that appears to be behind the company. We are forecasting annual total returns of 0.1% through 2030, down from 5.6% previously. Our forecast stems from a 7% growth rate and a 1.7% dividend yield that are nearly offset by a high single-digit headwind from multiple compression. We have lowered our five-year price target $5 to $140 and continue to rate shares of Raytheon Technologies as a hold due to projected results.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	57244	59837	34701	45349	56587	64388	67074	68920	80738	80738
Gross Profit	15773	15636	7236	10751	8531	12491	13668	12089	15410	15410
Gross Margin	27.6%	26.1%	20.9%	23.7%	15.1%	19.4%	20.4%	17.5%	19.1%	19.1%
SG&A Exp.	5958	6429	2864	3711	5540	5046	5573	5809	5806	5806
D&A Exp.	1962	2140	1896	2708	4156	4557	4108	4211	4364	4364
Operating Profit	8221	8138	2877	4914	1294	5136	5504	3561	6538	6538
Op. Margin	14.4%	13.6%	8.3%	10.8%	2.3%	8.0%	8.2%	5.2%	8.1%	8.1%
Net Profit	5055	4552	5269	5537	(3519)	3864	5197	3195	4774	4774
Net Margin	8.8%	7.6%	15.2%	12.2%	-6.2%	6.0%	7.7%	4.6%	5.9%	5.9%
Free Cash Flow	1793	3237	4455	6664	1639	4629	4393	4717	3923	3923
Income Tax	1697	2843	1098	421	575	964	790	456	1181	1181

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	89706	96920	134211	139615	162153	161404	158864	161869	162861	162861
Cash & Equivalents	7157	8985	6152	4937	8802	7832	6220	6587	5578	5578
Acc. Receivable	11481	12595	14271	8743	9254	9661	9108	10838	10976	10976
Inventories	8704	9881	10083	9047	9411	9178	10617	11777	12768	12768
Goodwill & Int.	42743	43793	74536	61082	94824	92952	90663	89098	86232	86232
Total Liabilities	60241	65368	93492	95289	88269	86705	84650	100424	100903	100903
Accounts Payable	7483	9579	11080	7816	8639	8751	9896	10698	12897	12897
Long-Term Debt	23901	27485	45537	43252	31823	31485	31914	43827	41261	41261
Total Equity	27579	29610	38446	41774	72163	73068	72632	59798	60156	60156
LTD/E Ratio	0.87	0.93	1.18	1.04	0.44	0.43	0.44	0.73	0.69	0.69

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.7%	4.9%	4.6%	4.0%	-2.3%	2.4%	3.2%	2.0%	2.9%	2.9%
Return on Equity	17.3%	14.9%	14.6%	13.0%	-6.0%	5.2%	7.0%	4.7%	7.7%	7.7%
ROIC	9.8%	8.1%	7.3%	6.4%	-3.6%	3.6%	4.9%	3.0%	4.6%	4.6%
Shares Out.	809	799	861	864	1,515	1,509	1,476	1,362	1,349	1,349
Revenue/Share	69.29	74.88	42.84	52.49	41.68	42.68	45.14	48.01	60.09	60.09
FCF/Share	2.17	4.05	5.50	7.71	1.21	3.07	2.96	3.29	2.92	2.92

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.