Raytheon Technologies Corp. (RTX)

Updated January 27th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$197	**5 Year Annual Expected Total Return:**	0.8%	**Market Cap:**	$264 B
Fair Value Price:	$134	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	11/14/25[1]
% Fair Value:	147%	**5 Year Valuation Multiple Estimate:**	-7.4%	**Dividend Payment Date:**	12/12/25[2]
Dividend Yield:	1.4%	**5 Year Price Target**	$188	**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 $264 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 January 27th, 2026, Raytheon Technologies announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 12.1% to $24.24 billion, which beat estimates by $1.53 billion. Adjusted earnings-per-share of $1.55 compared to $1.54 in the prior year and was $0.08 better than expected. For the year, revenue grew 10% to $88.6 billion while adjusted earnings-per-share of $6.29 compared to $5.73 in 2024.

Organic sales grew 14% for the period when adjusting for divestitures. For the quarter, organic revenue was higher by 25%, 8%, and 7% for the Pratt & Whitney, Collins Aerospace, and Raytheon segments, respectively. Raytheon Technologies' backlog at the end of the quarter was $268 billion, of which $161 billion was from commercial aerospace customers and $107 billion was from defense customers.

Raytheon Technologies provided guidance for 2026 as well. The company expects organic revenue growth of 5% to 6% for the year. Adjusted earnings-per-share are projected to be in a range of $6.60 to $6.80. We have initiated our forecast accordingly.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025	2030
EPS	$6.61	$6.60	$7.61	$8.26	$2.73	$4.27	$4.78	$5.06	$5.73	$6.29	***$6.70***	***$9.40***
DPS	$2.62	$2.72	$2.84	$2.94	$2.16	$2.01	$2.16	$2.36	$2.48	$2.67	***$2.72***	***$3.81***
Shares[3]	809	799	861	864	1,515	1,509	1,476	1,362	1,349	1,345	***1,343***	***1,325***

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 0.5%, though this is misleading due to the spinoff. Moving forward, we anticipate solid growth to continue, forecasting 7% growth over the intermediate term. The company has raised its dividend for 31 years.

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[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] In millions.

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

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.3	17.7	16.8	16.1	22.0	18.4	21.1	16.6	20.2	29.2	***29.1***	***20.0***
Avg. Yld.	2.6%	2.3%	2.2%	2.2%	3.6%	2.6%	2.1%	2.8%	2.1%	1.5%	***1.4%***	***2.0%***

Shares of Raytheon Technologies have gained $18, or 10.1%, since our October 23rd, 2025 update. The stock has traded with an average price-to-earnings ratio of 19.3 since 2016 and 21 over the last five years. We are raising our target valuation to 20 times earnings, up from 17 previously, to better reflect these average multiples. With shares trading at more than 29 times estimated earnings, this implies a meaningful valuation headwind. Reverting to our target valuation would reduce annual returns by 7.4% through 2031.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	40%	41%	37%	36%	79%	47%	45%	47%	43%	42%	***41%***	***41%***

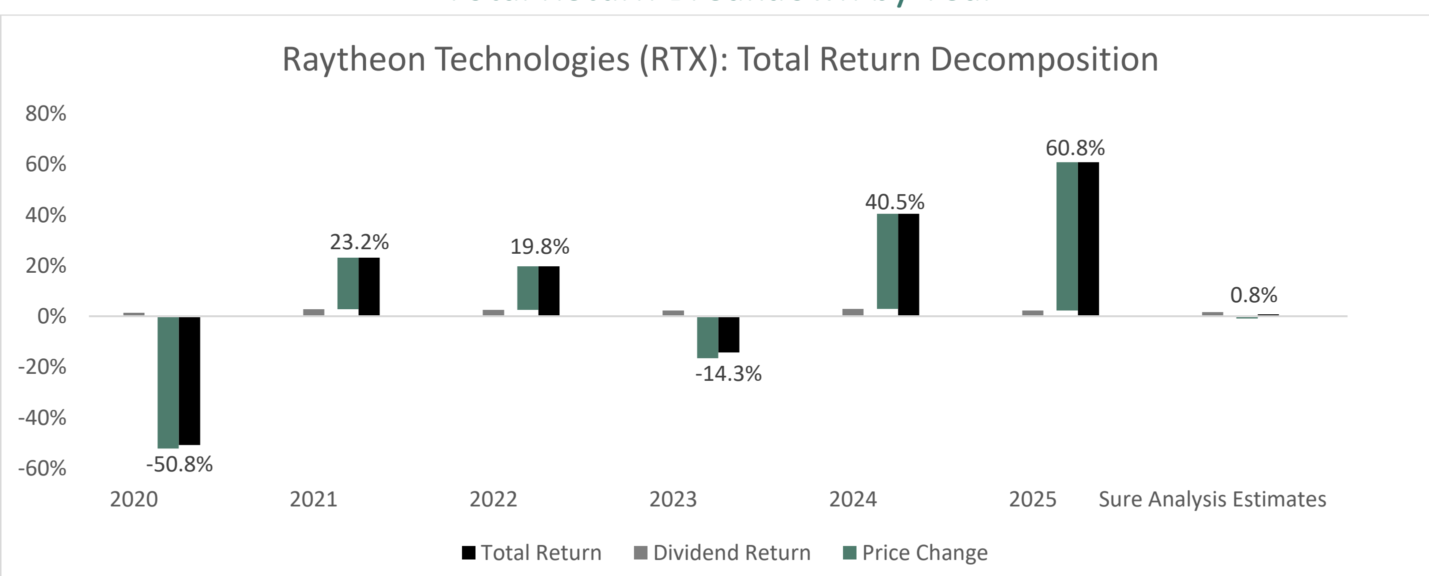
Both United Technologies and Raytheon showed tremendous resiliency during the last recession, with UTX posting $4.90, $4.12, $4.74, and $5.49 in earnings-per-share during the 2008 through 2011 timeframe, while Raytheon increased earnings every year during the recession. Moreover, both companies kept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

As of Q4 2025, Raytheon Technologies held $7.4 billion in cash, $60.3 billion in current assets, and $171.1 billion in total assets against $58.8 billion in current liabilities and $103.9 billion in total liabilities. Long-term debt stood at $34.3 billion.

Final Thoughts & Recommendation

We remain positive 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 in 2024, but that segment has rebounded nicely. We are forecasting annual total returns of 0.8% through 2031, up from -1.8% previously. Our forecast stems from a 7% growth rate and a 1.4% dividend yield that are offset by a high single-digit headwind from multiple compression. We have raised our five-year price target $41 to $188 due to EPS estimates and a higher target valuation. We continue to rate shares of Raytheon Technologies as a hold due to projected results, but note the company's strong dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	57,415	59,798	66,485	45,400	56,669	64,360	67,074	68,920	80,738	88,603
Gross Profit	16,142	15,597	16,647	10,802	9,010	12,497	13,668	12,089	15,410	17,789
Gross Margin	28.1%	26.1%	25.0%	23.8%	15.9%	19.4%	20.4%	17.5%	19.1%	20.1%
SG&A Exp.	6,060	6,429	7,066	3,711	5,540	5,224	5,573	5,809	5,806	-
D&A Exp.	1,962	2,140	2,433	2,708	4,156	4,557	4,108	4,211	4,364	4,378
Operating Profit	7,823	6,741	7,281	4,639	1,401	4,667	5,384	3,475	6,670	8,887
Op. Margin	13.6%	11.3%	11.0%	10.2%	2.5%	7.3%	8.0%	5.0%	8.3%	10.0%
Net Profit	5,436	4,920	5,654	3,731	(2,928)	4,145	5,327	3,380	5,013	7,069
Net Margin	9.5%	8.2%	8.5%	8.2%	-5.2%	6.4%	7.9%	4.9%	6.2%	8.0%
Free Cash Flow	3,887	2,040	3,032	5,877	1,359	4,518	4,243	4,600	3,705	7,215
Income Tax	1,697	2,843	2,626	421	575	786	790	456	1,181	1,664

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	89706	96920	134211	139615	162153	161404	158864	161869	162861	171079
Cash & Equivalents	7157	8985	6152	4937	8802	7832	6220	6587	5578	7435
Acc. Receivable	11481	12595	17757	13205	19185	21022	20642	22977	25546	31793
Inventories	8704	9881	10083	9047	9411	9178	10617	11777	12768	13364
Goodwill & Int.	42743	43793	74536	61082	94824	92952	90663	89098	86232	85188
Total Liabilities	60241	65368	93492	95289	88269	86705	84650	100424	100903	103941
Accounts Payable	7483	9579	11080	7816	8639	8751	9896	10698	12897	15895
Long-Term Debt	23300	27093	44068	42052	33092	33008	32875	45050	42710	39302
Total Equity	27579	29610	38446	41774	72163	73068	72632	59798	60156	
LTD/E Ratio	0.87	0.93	1.18	1.07	0.47	0.46	0.47	0.76	0.72	0.61

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.1%	5.3%	4.9%	2.7%	-1.9%	2.6%	3.3%	2.1%	3.1%	4.2%
Return on Equity	18.6%	16.1%	15.6%	8.8%	-5.0%	5.6%	7.2%	5.0%	8.1%	11.0%
ROIC	10.6%	8.8%	7.8%	4.3%	-3.0%	3.8%	4.9%	3.1%	4.7%	6.7%
Shares Out.	809	799	861	864	1,515	1,509	1,476	1,362	1,349	1,345
Revenue/Share	69.50	74.83	82.07	52.55	41.74	42.66	45.14	48.01	60.09	65.32
FCF/Share	4.71	2.55	3.74	6.80	1.00	3.00	2.86	3.20	2.76	5.32

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