Otis Worldwide Corp. (OTIS)

Updated March 2nd, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$93	**5 Year CAGR Estimate:**	7.1%	**Market Cap:**	$36 B
Fair Value Price:	$83	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	2/13/26
% Fair Value:	113%	**5 Year Valuation Multiple Estimate:**	-2.3%	**Dividend Payment Date:**	3/13/26
Dividend Yield:	1.8%	**5 Year Price Target**	$121	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:** Industrials		**Rating:**	Hold

Overview & Current Events

Otis Worldwide Corp. debuted as an independent, publicly traded company on April 3rd, 2020, after being spun off from United Technologies (previously UTX, now Raytheon Technologies, RTX). However, the company's history is extensive after being founded in 1853 and having previously gone public in 1920. Today Otis is the leading company for elevator and escalator manufacturing, installation, and service. The company's products move 2 billion people per day and maintain approximately 2.2 million customer units worldwide. Headquartered in Connecticut, the $36 billion market cap company generated $14.4 billion in sales in 2025 and employs approximately 72,000 people.

Previously, Otis was a constituent of the S&P 500 Dividend Aristocrat Index due to its United Technologies lineage. However, the company was removed in 2021. The company has raised its dividend for 5 years on its own.

On April 22nd, 2025, Otis announced a $0.42 quarterly dividend, an 8% increase.

On January 28th, 2026, Otis reported financial results for the fourth quarter of fiscal 2025. Sales grew 3% and organic sales grew 1%. Adjusted earnings-per-share grew 11%, from $0.93 to $1.03, in line with the analysts' consensus. Otis has missed the analysts' estimates only twice in the last 23 quarters. Backlog grew 34%. This certainly bodes well for the performance of Otis in the upcoming quarters.

Otis provided positive guidance for 2026, as it expects the business momentum in the fourth quarter to remain in place this year. It expects organic sales to grow low to mid-single digits and adjusted earnings-per-share to grow mid to high single digits. Accordingly, we expect earnings-per-share of $4.35 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$6.61	$6.60	$7.61	$8.26	$2.52	$2.95	$3.17	$3.54	$3.83	$4.05	***$4.35***	***$6.39***
DPS	$2.62	$2.72	$2.84	$2.94	$0.60	$0.92	$1.11	$1.31	$1.51	$1.65	***$1.68***	***$2.16***
Shares[1]	809	799	861	864	433	431	423	411	401	392	***385***	***350***

Note that we have elected to show United Technologies' historical data through 2019, to illustrate the type of operating company from which Otis was spun off. This is an imperfect measure as Otis made up less than 20% of United Technologies sales; however, it does offer some clues into the consistency of the new business.

Otis has a number of long-term growth drivers available in the way of increased urbanization, a growing middle class and digitalization. All these factors will continue to spur demand for Otis' products and should bode well for the category leader. At the very least, Otis stands a very good shot at capturing its "fair share" of growth in the industry. Moreover, the Service segment adds some resiliency to the business. Otis has grown its earnings-per-share by 10% per year on average over the last five years. We expect earnings-per-share of $4.35 in 2026 and 8% growth over the next five years. While there may be some volatility in near-term results, we believe mid-to-high single-digit intermediate-term growth of earnings-per-share can come to fruition.

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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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	18.2	26.1	23.7	23.7	26.1	23.1	***21.4***	***19.0***
Avg. Yld.	2.6%	2.3%	2.2%	2.2%	1.3%	1.2%	1.5%	1.6%	1.5%	1.8%	***1.8%***	***1.8%***

We are again using United Technologies history through 2019 to give you a sense for how shares traded in the past. During the past decade, shares of UTX traded hands with an average P/E ratio of about 20 times earnings. We are using 19 times earnings as a fair starting multiple for Otis, taking into consideration the enhanced risk to the standalone business paired against strong growth avenues and reoccurring revenue from servicing. Otis is currently trading at a P/E ratio of 21.4. If it trades at our assumed fair valuation level in five years, it will incur a -2.3% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

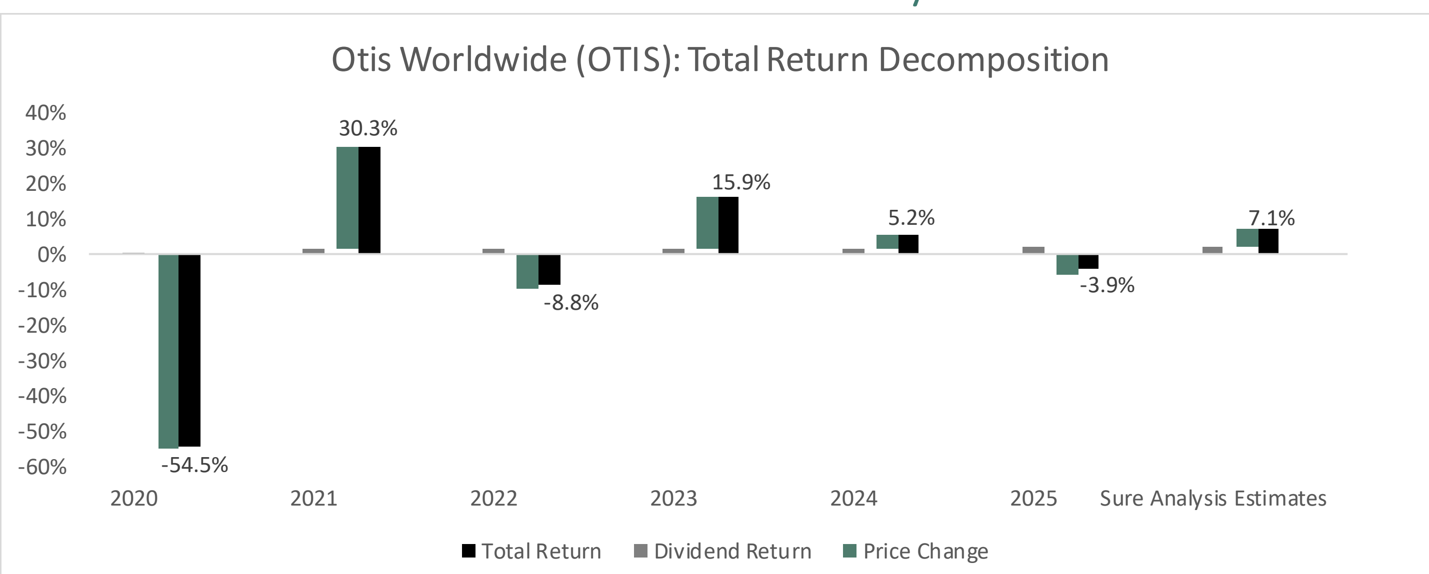
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	40%	41%	37%	36%	24%	31%	35%	37%	39%	41%	***39%***	***34%***

Otis enjoys a competitive advantage in its namesake brand, along with the #1 position in the category the company created. Moreover, with the largest installed base of elevators and escalators, reoccurring service revenue can smooth out results during rough economic periods. During the last recession, United Technologies posted earnings-per-share of \$4.90, \$4.12, \$4.74, and \$5.49 during the 2008 through 2011 timeframe. While some of that ballast is gone with the company splitting up, we still believe Otis should perform reasonably well in leaner times. Moreover, the targeted ~40% payout ratio will allow for flexibility in the future.

Final Thoughts & Recommendation

Otis has been a very strong business for 173 years. Now that it is once again a standalone company, it offers a "pure play" on a variety of important and growing trends around the world. While the cyclicality of the firm may have increased, we are encouraged by the ongoing service revenue. Total return potential comes in at 7.1% per annum, driven by 8% growth and a 1.8% dividend, partly offset by a -2.3% valuation headwind. This view could prove too conservative if the valuation remains elevated, but it is highly risky to rely on valuation remaining rich. The plunge of the stock after its earnings release for Q2-2025 due to a modest decrease in guidance for sales (not earnings) is a reminder of the risk of a richly valued stock. Otis maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	57,244	59,837	66,501	77,046	12,760	14,300	13,680	14,209	14,261	14,431
Gross Profit	15,773	15,636	16,516	19,981	3,779	4,193	3,920	4,193	4,257	4,409
Gross Margin	27.6%	26.1%	24.8%	25.9%	29.6%	29.3%	28.7%	29.5%	29.9%	30.6%
SG&A Exp.	5,958	6,429	7,066	8,521	1,924	1,948	1,7630	1,884	1,818	1,979
D&A Exp.	1,962	2,140	2,433	3,783	191	203	191	193	181	175
Operating Profit	8,221	8,138	8,553	8,966	1,639	2,108	2,033	2,186	2,051	2,344
Op. Margin	14.4%	13.6%	12.9%	11.6%	12.8%	14.7%	14.9%	15.4%	14.4%	16.2%
Net Profit	5,055	4,552	5,269	5537	906	1,246	1,253	1,406	1,645	1,455
Net Margin	8.8%	7.6%	7.9%	7.2%	7.1%	8.7%	9.2%	9.9%	11.5%	10.1%
Free Cash Flow	1,793	3,237	4,020	6,276	1,297	1,594	1,445	1,489	1,437	1,444
Income Tax	1,697	2,843	2,626	2,295	455	541	519	533	305	479

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	89,706	96,920	134,211	139,716	10,710	12,280	9,819	10,117	11,316	10,653
Cash & Equivalents	7,157	8,985	6,152	7,378	1,782	1,565	1,189	1,274	2,300	1,105
Acc. Receivable	11,481	12,595	14,271	13,524	3,309	3,117	3,357	3,390	3,285	4,387
Inventories	8,704	9,881	10,083	10,950	659	622	617	612	557	613
Goodwill & Int.	42,743	43,793	74,536	74,109	2,257	2,086	1,936	1,923	1,859	2,038
Total Liabilities	60,537	65,499	93,601	95,485	13,990	15,260	14,480	14,837	16,044	15,924
Accounts Payable	7,483	9,579	11,080	10,809	1,453	1,556	1,717	1,878	1,879	2,142
Long-Term Debt	23,901	27,485	45,537	43,648	5,963	7,273	6,786	6,898	8,324	8,138
Total Equity	27,579	29,610	38,446	41,774	-3,832	-3,625	-4,870	-4,924	-4,848	-5,392
LTD/E Ratio	0.87	0.93	1.18	1.04	---	---	-1.39	-1.40	-1.72	-1.58

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.7%	4.9%	4.6%	4.0%	8.9%	10.8%	11.3%	14.1%	15.4%	13.2%
Return on Equity	18.4%	15.9%	15.5%	13.8%	---	---	---	---	---	---
ROIC	9.9%	8.1%	7.3%	6.4%	36.6%	35.3%	39.2%	65.7%	57.0%	40.1%
Shares Out.	809	799	795	864	435	431	423	415	404	395
Revenue/Share	69.29	74.88	82.09	89.18	29.35	33.14	32.35	34.27	35.26	36.54
FCF/Share	2.17	4.05	4.96	7.26	2.98	3.70	3.42	3.59	3.55	3.66

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