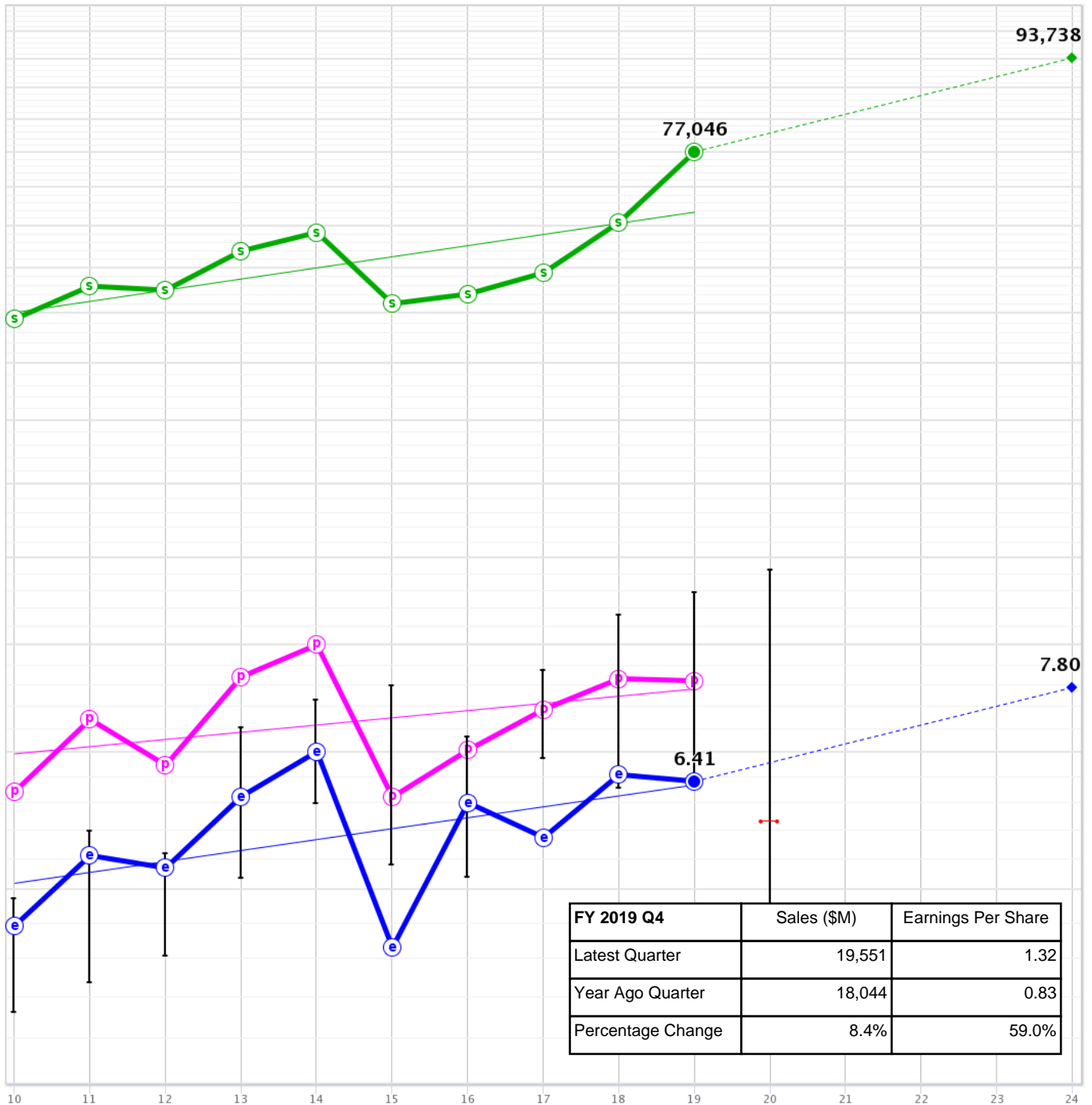


Company	Raytheon Technologie		Date	05/05/20	
Prepared by	HENRIKSON		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Aerospace & Defense		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	866.9		0.2	52.3	
Debt (\$M)	46,336.0	% to Tot Cap	52.6	% Pot Dil	1.2

# Stock Selection Guide

Symbol: RTX

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |      |  |      |
|-----------------------------------|------|--|------|
| (1) Historical Sales Growth       | 2.4% | (3) Historical Earnings Per Share Growth       | 2.3% |
| (2) Estimated Future Sales Growth | 4.0% | (4) Estimated Future Earnings Per Share Growth | 4.0% |

## 2 EVALUATING Management

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	12.0%	13.1%	12.0%	13.3%	13.7%	11.5%	12.5%	13.0%	12.5%	10.7%	12.0%
% Earned on Equity	20.4%	22.1%	19.0%	19.9%	18.2%	12.4%	17.0%	15.2%	17.4%	13.7%	15.2%
% Debt To Capital	32.5%	31.9%	47.3%	38.8%	38.8%	42.7%	46.4%	48.1%	54.2%	52.6%	48.8%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CLOSING PRICE** 59.00 (05/05/20)

**HIGH THIS YEAR** 99.70

**LOW THIS YEAR** 43.43

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2015	78.3	53.8	4.53	17.3	11.9	2.56	56.5	4.8
2016	70.3	52.5	6.13	11.5	8.6	2.62	42.7	5.0
2017	80.9	67.2	5.70	14.2	11.8	2.72	47.7	4.0
2018	90.7	63.2	6.50	14.0	9.7	2.84	43.6	4.5
2019	95.1	65.0	6.41	14.8	10.1	2.94	45.9	4.5
AVERAGE		60.3		14.3	10.4		47.3	
CURRENT/TTM			6.41			1.90	29.6	
AVERAGE PRICE EARNINGS RATIO: 12.4					CURRENT PRICE EARNINGS RATIO: 9.2			

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 14.3 X Estimate High Earnings/Share 7.80 = Forecasted High Price \$ 111.5

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 10.4 X Estimate Low Earnings/Share 6.41 = Forecasted Low Price \$ 66.7

(b) Avg. Low Price of Last 5 Years 60.3

(c) Recent Market Low Price 43.4

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.90}{4.99\%} = 38.1$

Selected Forecasted Low Price \$ 43.4

### C ZONING using 25%-50%-25%

Forecasted High Price 111.5 Minus Forecasted Low Price 43.4 = 68.1 Range. 25% of Range 17.0

Buy Zone 43.4 to 60.5

Hold Zone 60.5 to 94.5

Sell Zone 94.5 to 111.5

Present Market Price of 59.00 is in the **BUY** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{111.5 - 59.00}{59.00 - 43.4} = \frac{52.52}{15.57} = 3.4$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{111.5 - 59.00}{59.00} = 1.8902$  X 100 = 189.02 - 100 = 89.0 % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{2.94}{59.00} = 0.0322 = 3.2\%$  Current Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{47.3\%}{14.30} = 3.3\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{47.3\%}{12.35} = 3.8\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 13.6 %  
Average Yield 3.3 %  
Annualized Rate of Return 16.9 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

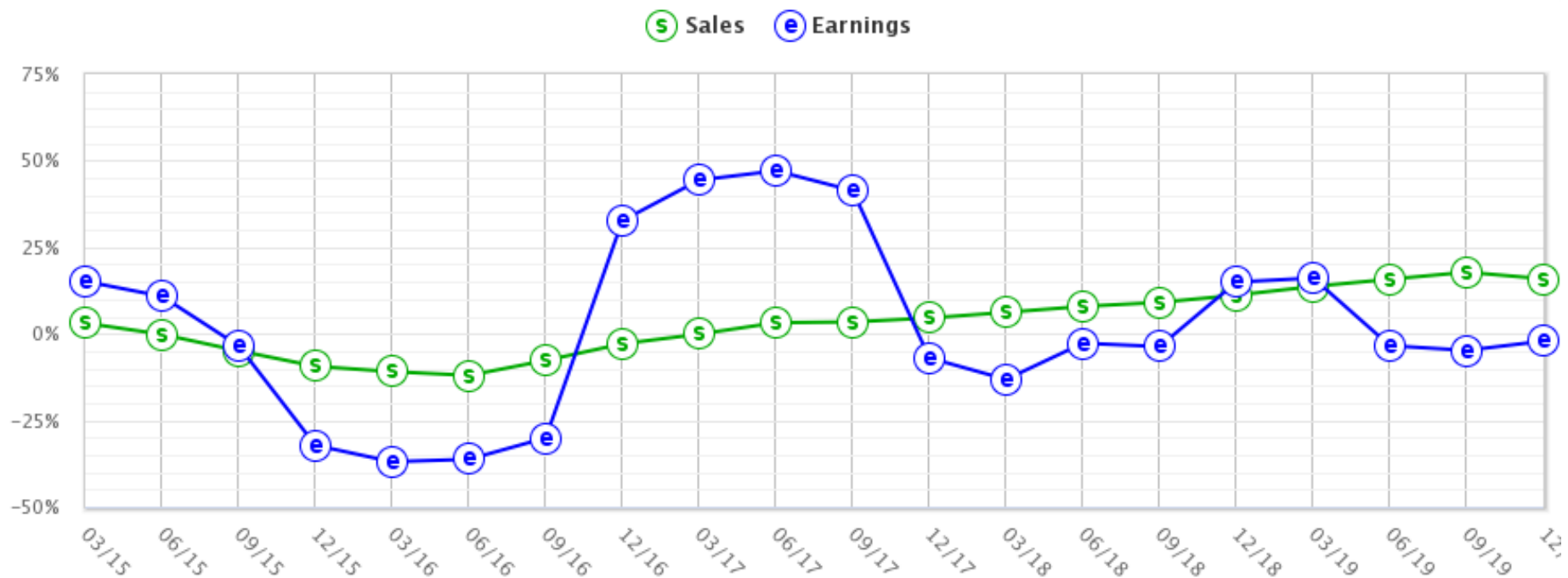
Annualized Appreciation 10.3 %  
Average Yield 3.8 %  
Annualized Rate of Return 14.1 %

**Notes: RTX 5/6/20**

<b>Date</b>	<b>Subject</b>	<b>Description</b>	<b>Type</b>
05/06/20	RTX Judgements	<p>Sales = 4%, (50% less than previous Raytheon sales, per CFRA on May 2), and slightly more than BI member sentiment average (3.8%) from studies April-May</p> <p>EPS = same as sales</p> <p>Hi P/E = 14.3 from high average P/E and slightly less than Value Line 5 yr projection of P/E at 15.</p> <p>Stock Prices: high = \$111, significantly lower than VL low for next 5 yrs, \$165, and that from BI member sentiment \$167.</p> <p>Caution due to economic uncertainty and defense appropriations during pandemic and recovery. Low price used was low this year - the lowest in at least 5 years.</p>	Community
04/05/19	UTX	4/5/2019. Buy @ 112	Community

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data								
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
12/19	1.32	59.0	1,593.0	8.1	-10.9	19,551.0	8.4	20.5	6.41	8,243.0	10.7	77,046.0	2,219.0	26.9	-2.1	-0.4	15.9
09/19	1.33	-13.6	2,388.0	12.2	35.1	19,496.0	18.1	47.4	5.92	8,438.0	11.2	75,539.0	3,007.9	35.6	-4.8	2.9	17.8
06/19	2.20	-14.1	2,440.0	12.4	-13.9	19,634.0	17.5	18.1	6.13	7,818.0	10.8	72,553.0	2,324.5	29.7	-3.5	-6.6	15.7
03/19	1.56	-3.7	1,822.0	9.9	-3.6	18,365.0	20.5	21.8	6.49	8,212.0	11.8	69,624.0	2,574.1	31.3	16.1	8.1	13.6
12/18	0.83	66.0	1,788.0	9.9	4.9	18,044.0	15.1	55.4	6.55	8,280.0	12.5	66,501.0	2,716.0	32.8	14.9	6.7	11.1
09/18	1.54	-7.8	1,768.0	10.7	-8.9	16,510.0	9.6	23.7	6.22	8,197.0	12.8	64,137.0	3,019.4	36.8	-3.7	11.8	9.0
06/18	2.56	42.2	2,834.0	17.0	37.3	16,705.0	9.3	24.5	6.35	8,369.0	13.4	62,689.0	3,132.5	37.4	-2.8	12.8	7.9
03/18	1.62	-6.4	1,890.0	12.4	-8.0	15,242.0	10.3	27.6	5.59	7,599.0	12.4	61,264.0	2,868.2	37.7	-13.2	1.8	6.2
12/17	0.50	-60.3	1,705.0	10.9	33.9	15,680.0	7.0	71.5	5.70	7,763.0	13.0	59,837.0	2,947.8	38.0	-7.0	8.8	4.5
09/17	1.67	-4.0	1,940.0	12.9	-4.2	15,062.0	4.9	26.1	6.46	7,331.0	12.5	58,816.0	1,687.8	23.0	41.4	21.3	3.4

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
06/17	1.80	5.3	2,064.0	13.5	-2.3	15,280.0	2.7	25.8	6.53	7,417.0	12.8	58,108.0	1,674.2	22.6	47.1	20.8	3.2
03/17	1.73	21.8	2,054.0	14.9	19.3	13,815.0	3.4	28.5	6.44	7,465.0	12.9	57,702.0	1,728.0	23.1	44.4	17.3	-0.1
12/16	1.26	520.0	1,273.0	8.7	584.4	14,659.0	2.5	11.7	6.13	7,133.0	12.5	57,244.0	1,619.7	22.7	32.7	6.5	-2.9
09/16	1.74	8.1	2,026.0	14.1	-4.3	14,354.0	4.1	24.3	4.57	6,046.0	10.6	56,885.0	4,145.9	68.6	-30.1	-31.4	-7.7
06/16	1.71	-1.2	2,112.0	14.2	-9.6	14,874.0	-8.9	28.1	4.44	6,138.0	10.9	56,319.0	4,265.3	69.5	-36.3	-33.7	-12.1
03/16	1.42	-10.1	1,722.0	12.9	-16.2	13,357.0	-8.1	26.8	4.46	6,362.0	11.0	57,778.0	4,440.0	69.8	-37.0	-29.9	-11.0
12/15	-0.30	-118.5	186.0	1.3	-91.9	14,300.0	-15.9	195.2	4.62	6,696.0	11.4	58,962.0	4,679.3	69.9	-32.3	-24.7	-9.4
09/15	1.61	-21.1	2,118.0	15.4	-17.3	13,788.0	-14.7	28.0	6.54	8,815.0	14.3	61,658.0	2,557.2	29.0	-3.5	1.4	-4.9
06/15	1.73	-6.0	2,336.0	14.3	8.7	16,333.0	-5.0	29.3	6.97	9,257.0	14.5	64,038.0	2,588.3	28.0	10.8	11.9	-0.2
03/15	1.58	19.7	2,056.0	14.1	9.8	14,541.0	-1.4	27.1	7.08	9,070.0	14.0	64,896.0	2,250.9	24.8	15.1	7.8	3.1
12/14	1.62	2.5	2,305.0	13.6	9.1	16,996.0	1.4	31.7	6.82	8,887.0	13.7	65,100.0	2,275.1	25.6	9.6	6.9	4.0
09/14	2.04	31.6	2,560.0	15.8	19.6	16,168.0	4.6	23.8	6.78	8,694.0	13.4	64,863.0	2,114.6	24.3	19.4	13.0	4.1
06/14	1.84	8.2	2,149.0	12.5	-6.2	17,191.0	7.4	16.7	6.29	8,274.0	12.9	64,157.0	2,114.6	25.6	14.4	12.2	3.7
03/14	1.32	-5.0	1,873.0	12.7	5.8	14,745.0	2.4	30.3	6.15	8,415.0	13.4	62,972.0	2,391.8	28.4	16.7	18.6	5.5
12/13	1.58	51.9	2,112.0	12.6	41.6	16,759.0	1.9	26.6	6.22	8,312.0	13.3	62,626.0	2,224.3	26.8	19.8	20.5	8.5
09/13	1.55	13.1	2,140.0	13.8	17.3	15,462.0	2.8	28.7	5.68	7,691.0	12.3	62,310.0	2,132.9	27.7	1.1	6.2	10.8
06/13	1.70	15.6	2,290.0	14.3	13.9	16,006.0	15.9	28.2	5.50	7,376.0	11.9	61,890.0	2,005.5	27.2	-3.8	-1.4	10.5
03/13	1.39	6.1	1,770.0	12.3	12.5	14,399.0	15.9	23.6	5.27	7,097.0	11.9	59,691.0	1,829.6	25.8	-7.5	-6.0	4.2
12/12	1.04	-29.3	1,491.0	9.1	-18.6	16,443.0	9.9	30.5	5.19	6,900.0	12.0	57,716.0	1,716.9	24.9	-5.6	-9.3	-0.8
09/12	1.37	-6.8	1,825.0	12.1	-11.6	15,042.0	1.6	26.5	5.62	7,241.0	12.9	56,239.0	1,655.7	22.9	5.2	-2.9	-3.1
06/12	1.47	1.4	2,011.0	14.6	-3.3	13,807.0	-8.4	22.5	5.72	7,480.0	13.4	56,001.0	1,796.9	24.0	10.6	4.4	-1.3
03/12	1.31	18.0	1,573.0	12.7	-3.5	12,424.0	-6.9	20.0	5.70	7,548.0	13.2	57,270.0	1,977.2	26.2	15.9	10.7	3.0
12/11	1.47	12.2	1,832.0	12.2	8.7	14,966.0	1.0	22.4	5.50	7,605.0	13.1	58,190.0	2,228.3	29.3	16.0	16.3	7.1
09/11	1.47	13.1	2,064.0	13.9	16.8	14,804.0	9.4	31.2	5.34	7,459.0	12.9	58,042.0	2,247.0	30.1			
06/11	1.45	20.8	2,079.0	13.8	20.0	15,076.0	8.5	31.2	5.17	7,162.0	12.6	56,765.0	2,074.1	29.0			
03/11	1.11	19.4	1,630.0	12.2	20.6	13,344.0	10.4	32.5	4.92	6,816.0	12.3	55,579.0	1,954.1	28.7			
12/10	1.31		1,686.0	11.4		14,818.0		25.7									
09/10	1.30		1,767.0	13.1		13,527.0		26.5									
06/10	1.20		1,733.0	12.5		13,890.0		30.1									
03/10	0.93		1,352.0	11.2		12,091.0		30.0									