



# RTX Corporation

Seeking Delta

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# RTX Corporation Overview

RTX Corporation, formerly known as Raytheon Technologies, is a major American aerospace and defense company. RTX was formed in 2020 through the merger of Raytheon Company and United Technologies Corporation. In July 2023, the company simplified its name to RTX.

RTX is split into three main businesses:

1. **Collins Aerospace:** Aircraft mechanical and power systems, and military/space technology
2. **Pratt & Whitney:** Aircraft engines for commercial, regional, business, and military jets.
3. **Raytheon:** Air and missile defense systems, weapons/radars, and surveillance tech.

# Leadership Team



**Christopher T. Calio**

Chief Executive Officer

Former COO of RTX, managed realignment of RTX from four to three business segments.



**Jesse Klemppner**

Corporate Strategy & Development

Former partner at McKinsey & Company, co-leading the Aerospace & Defense Practice.  
Began his career in D.C. helping set the defense budget for the U.S.

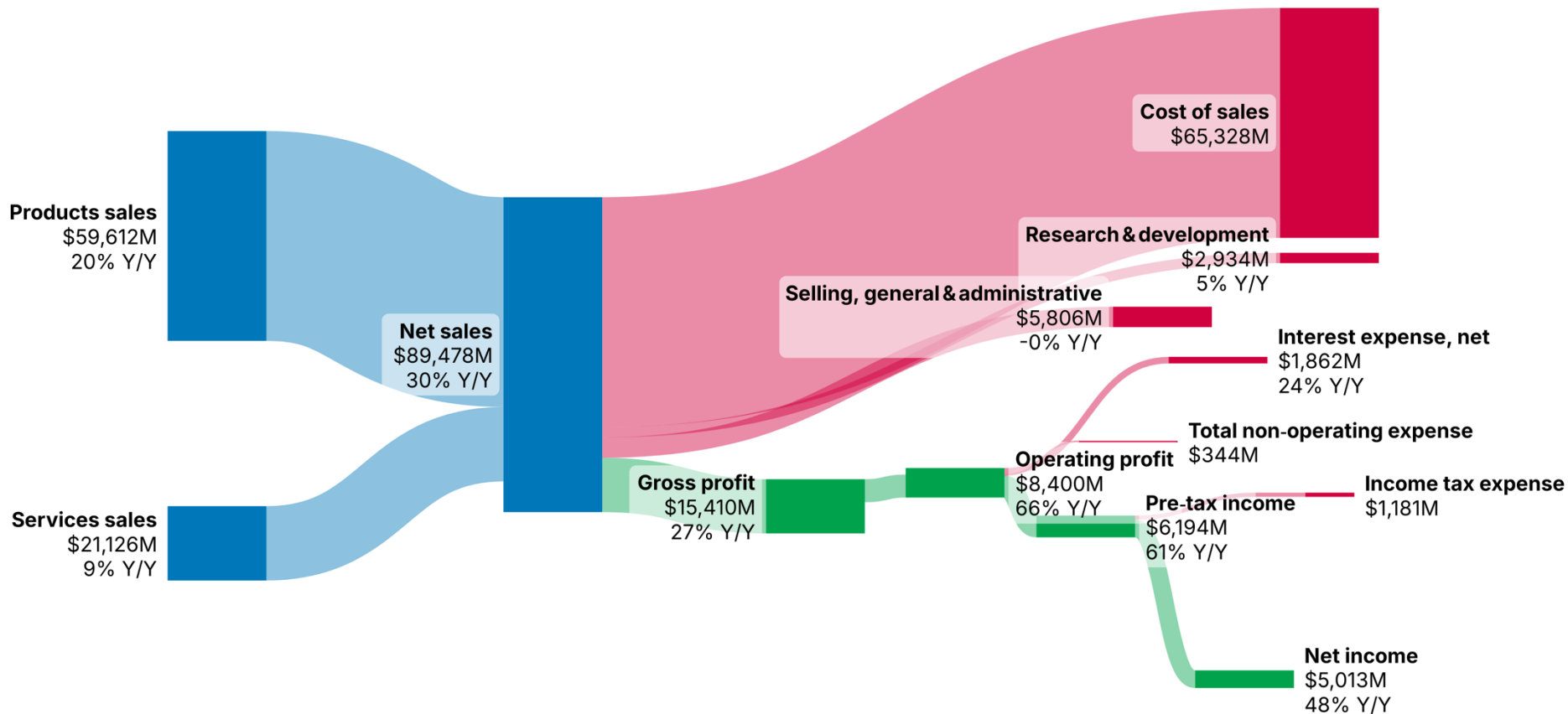


**Neil G. Mitchell Jr.**

Chief Financial Officer

Former CFO for UTC and UTC's Pratt & Whitney business.

# RTX Corporation Income Statement Breakdown FY24



# Global Aerospace & Defense Industry Overview

## Market Size & Growth

Valued at \$1.8 trillion in 2023

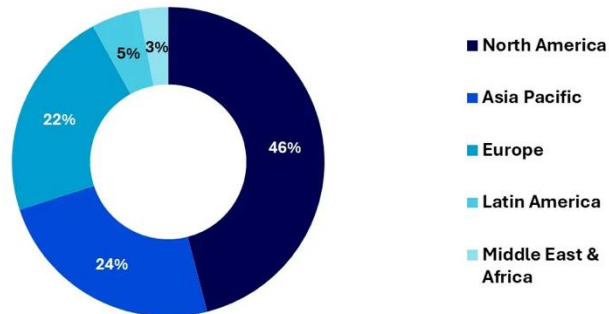
Forecasts show a \$875.37 billion growth rate for the industry by 2025.

## Key Sectors

Commercial Aerospace, Defense, Space

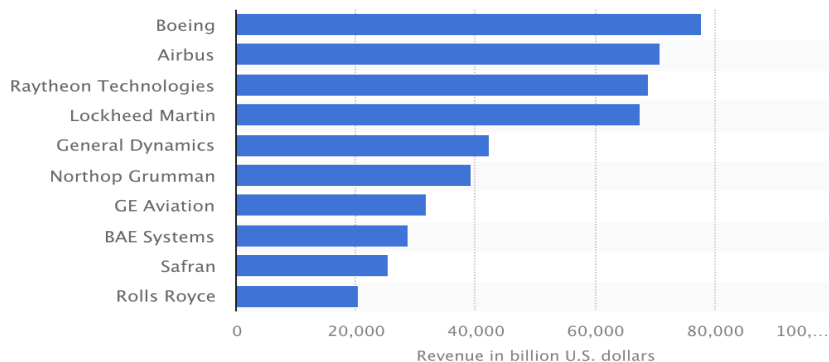
Company	Commercial Revenue %
RTX Corporation	45%
Lockheed Martin	5%
Northrop Grumman	5%
General Dynamics	10–15%
Boeing	60%

## Aerospace Market Share, By Region, 2023 (%)



Source: <https://www.precedenceresearch.com/aerospace-market>

## Leading aerospace and defense manufacturers worldwide in 2023, based on revenue (in billion U.S. dollars)



## Strategic Initiatives & Growth

- **Next-Gen Defense:**  
Investing in hypersonic and advanced missile defense, including the SM-6 and SM-2 upgrades, and cutting-edge radar and sensor technology.
- **AI & Digital Transformation:**  
Integrating AI-powered systems for real-time threat detection and advanced modeling (RCADE) to support multi-domain operations for the U.S. military.
- **Sustainable Aviation:**  
Leading the industry's push toward net-zero aviation by 2050 with major R&D in hybrid-electric propulsion, sustainable fuels, and battery technology.
- **Major Contract Wins:**  
Recent multi-hundred-million-dollar contracts for missile modernization and production, plus expanded partnerships with U.S. and allied militaries (Japan, Australia, NATO) to supply advanced defense systems.  
*RTX's innovation pipeline and global partnerships position it as a leader in both defense and commercial aerospace for the next decade.*



RTX awarded \$344 million contract to modernize electronics unit for missile development program

RTX's Raytheon demonstrates first-ever AI/ML-powered Radar Warning Receiver for 4th generation aircraft

RTX's Raytheon receives follow-on contract from U.S. Army for advanced defense analysis solution

RTX's Raytheon awarded \$333 million contract for SM-6 Block IA production

Missile supports anti-air, anti-surface warfare and sea-based terminal ballistic missile defense in one solution

# Major News

## Financial Overview & Key Challenges

**Bribery and Fraud Settlement:** RTX agreed to pay \$950 million to settle bribery claims involving a Qatari official and contract fraud linked to U.S. defense contracts. The settlement consists of criminal penalties along with civil fines and restitution payments.

**Export Control Violations:** RTX received a \$200 million penalty in August 2024 because they violated U.S. export control laws through illegal defense technology transfers to China and Russia.

**Tariff Impact:** As of May 13, 2025 (Today), China and the US have agreed upon a 90-day reduction in tariffs. Similarly, the US and UK have implemented a limited trade agreement aimed at reducing certain tariffs and enhancing market access.

**Backlog and Demand:** RTX achieved a backlog exceeding \$200 billion due to strong demand for its defense and commercial products. The company's backlog features defense systems including Patriot missiles and unmanned aircraft systems.

**2025 Outlook:** RTX anticipates adjusted sales in 2025 to reach between \$83.0 billion and \$84.0 billion while achieving an organic growth rate of 4% to 6%. The predicted EPS for adjusted figures will fall between \$6.00 and \$6.15.



# SWOT Analysis

## Strengths

- Diversified across defense and commercial aviation
- Stable revenue from U.S. government contracts
- Strong financial performance
- Resilience during market downturns (e.g., COVID-19)

## Opportunities

- Recovery of commercial aviation (46% of revenue)
- Increased global defense spending (Europe, Middle East)
- Growing demand for aerospace and defense technologies

## Weaknesses

- Declining liquidity despite high cash reserves
- High debt levels from post-COVID borrowing
- Vulnerability to elevated interest rates

## Threats

- Macroeconomic uncertainty (inflation, rates, supply chain)
- Strong competition from major contractors
- Potential economic or policy-driven market volatility

# Competitors

Market Data				Financial Data				Valuations			
Company	Price (\$/share)	Market Cap (\$M)	EV (\$M)	Sales (\$M)	EBITDA (\$M)	EBIT (\$M)	Net Income (\$M)	EV/Sales (x)	EV/EBITDA (x)	EV/EBIT (x)	P/E (x)
Raytheon Technologies	128.67	171,900	209,690	81,740	12,528	8,164	4,774	2.57	16.74	25.68	37.7
Lockheed Martin	473.52	110,940	129,440	71,810	8,815	7,256	5,336	1.80	14.68	17.84	20.4
Northrop Grumman	482.62	69,460	83,800	40,370	7,007	5,637	4,174	2.08	11.96	14.87	19.1
General Dynamics	271.56	72,890	82,580	49,208	5,819	4,933	3,782	1.68	14.19	16.74	18.9
Boeing Company	198.53	149,693	169,860	66,517	-7,649	-9,485	-11,817	2.55	-22.21	-17.91	36.9
Average	310.98	114976.6	135074	61929	5304	3301	1249.8	2.14	7.07	11.44	26.60
Median	271.56	110940	129440	66517	7007	5637	4174	2.08	14.19	16.74	20.40

1. Raytheon Technologies (RTX): RTX continues to deliver strong, balanced growth across both commercial aerospace and defense, backed by a record backlog and industry-leading innovation.
2. Lockheed Martin: Lockheed remains a defense powerhouse but is more narrowly focused, with recent pressures from cash flow and supply chain challenges.
3. Northrop Grumman: Northrop faces headwinds from cost overruns and program delays, limiting its near-term momentum despite its advanced technology portfolio.
4. General Dynamics: General Dynamics is performing well operationally, but its smaller scale and less diversified business make it more vulnerable to market cycles.
5. Boeing Company: Boeing is seeing revenue growth but continues to struggle with profitability and operational issues.

# Valuation Assumptions



# RTX

## x Financial Statement Model for Raytheon Technologies

Company name Raytheon Technologies  
 Ticker RTX  
 Latest closing share price \$130.56  
 Latest closing share price date 5.13.2025  
 Shares outstanding (millions) 1,334

Operating scenario: 2

## SCENARIO ANALYSIS

Base Case	8%	1
Market Boom	12%	2
Recession	4%	3

## x Assumptions

Fiscal year	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Income Statement</b>									
Revenue Growth	N/A	4.2%	2.8%	17.1%	12.0%	12.0%	12.0%	12.0%	12.0%
Gross Margin	19.4%	20.4%	17.5%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%
SG&A	4.9%	5.6%	5.6%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
R&D	4.2%	4.0%	4.1%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Depreciation	7.1%	6.1%	6.1%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Other Operating Expense	0.0%	-0.2%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Net Interest Expense	19.5%	16.7%	28.3%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%
Minority Int. Earnings	6.0%	2.1%	5.5%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Tax Rate	18.9%	12.9%	11.9%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%
Change in NWC as a % of sales		-4.9%	-2.4%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
Capital Expenditures	3.3%	3.4%	3.5%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%

# Discounted Cash Flow Valuation & WACC

## Discounted Cash Flow Model

Year	2025	2026	2027	2028	2029
EBIT	9,481	10,618	11,893	13,320	14,918
Tax	(1,409)	(1,578)	(1,767)	(1,979)	(2,217)
<b>NOPAT</b>	<b>8,072</b>	<b>9,041</b>	<b>10,126</b>	<b>11,341</b>	<b>12,701</b>
D&A	4,888	5,474	6,131	6,867	7,691
Change in NWC	(1,899)	(272)	(304)	(341)	(382)
Cap Ex	(2,940)	(3,293)	(3,688)	(4,130)	(4,626)
<b>Unlevered Free Cash Flow</b>	<b>8,121</b>	<b>10,950</b>	<b>12,264</b>	<b>13,736</b>	<b>15,384</b>
PV of Unlevered Free Cash Flow	7,698	9,838	10,444	11,088	11,771
WACC	5.5%				
Perpetuity Growth	4				

## Terminal value - EBITDA Multiple

Terminal year EBITDA	16,652
EBITDA multiple	14
Terminal Value	239,670
PV of terminal value	183,380
PV of future unlevered cash flows	50,840
<b>Enterprise value</b>	<b>234,220</b>
Debt	38,726
Cash	5,578
Minority Interest	1,802
Equity Value	199,270
Shares Outstanding	1,334
Equity Value per share	\$ 149.38

## Weighted Average Cost of Capital Calculation

Latest Share Price	128.67
Risk-Free Rate (Rf)	4.37%
Market Risk Premium	2.44%
Beta	0.59
Shares Outstanding	1,334

1 Input / Calculation	Value
2 Shares outstanding (million)	1334
3 Share price (\$)	128.67
4 <b>Market value of equity (E)</b>	171645.78
5 Total debt (\$ million)	38726
6 <b>Cost of equity (Re)</b>	5.810%
7 Risk-free rate (Rf)	4.37%
8 Beta ( $\beta$ )	0.59
9 Market risk premium (MRP)	2.44%
10 <b>Cost of debt (Rd)</b>	4.82%
11 Interest expense (\$ million)	1868
12 Tax rate (Tc)	19.10%
13 <b>After-tax cost of debt</b>	3.902%
14 <b>Equity weight (<math>w_e</math>)</b>	81.59%
15 <b>Debt weight (<math>w_d</math>)</b>	18.41%
16 <b>WACC</b>	5.5%

# Current Price & Historical Analysis



- Showing steady growth amidst market uncertainty
- Beating earnings estimates every quarter for the last year
- Currently trading below our valuation

Top Institutional Holders

Holder	Shares	Date Reported	% Out	Value
Vanguard Group Inc	118.48M	Dec 31, 2024	8.87%	15,468,638,709
State Street Corporation	112.96M	Dec 31, 2024	8.46%	14,748,587,267
Blackrock Inc.	98.25M	Mar 31, 2025	7.35%	12,827,749,023
Capital Research Global Investors	75.75M	Dec 31, 2024	5.67%	9,890,323,898
Capital International Investors	55.21M	Dec 31, 2024	4.13%	7,208,600,006
Dodge & Cox Inc	44.49M	Dec 31, 2024	3.33%	5,808,797,467
Morgan Stanley	29.57M	Dec 31, 2024	2.21%	3,860,052,154
Geode Capital Management, LLC	28.26M	Dec 31, 2024	2.12%	3,690,213,312
Bank of America Corporation	25.76M	Dec 31, 2024	1.93%	3,363,192,244
Fisher Asset Management, LLC	19.05M	Dec 31, 2024	1.43%	2,486,865,707

Top Mutual Fund Holders

Holder	Shares	Date Reported	% Out	Value
VANGUARD INDEX FUNDS-Vanguard Total Stock Market Index Fund	41.69M	Dec 31, 2024	3.12%	5,443,400,507
VANGUARD INDEX FUNDS-Vanguard 500 Index Fund	36.03M	Dec 31, 2024	2.70%	4,704,063,133
AMERICAN MUTUAL FUND	30.59M	Mar 31, 2025	2.29%	3,993,492,958
Dodge & Cox Funds-Dodge & Cox Stock Fund	30.47M	Dec 31, 2024	2.28%	3,977,562,549
WASHINGTON MUTUAL INVESTORS FUND	17.43M	Mar 31, 2025	1.30%	2,275,937,544
INVESTMENT CO OF AMERICA	17.13M	Mar 31, 2025	1.28%	2,237,070,486
Fidelity Concord Street Trust-Fidelity 500 Index Fund	16.71M	Mar 31, 2025	1.25%	2,182,030,307
Capital Income Builder	16.41M	Mar 31, 2025	1.23%	2,142,679,002
iShares Trust-iShares Core S&P 500 ETF	16.25M	Mar 31, 2025	1.22%	2,121,863,952
SPDR S&P 500 ETF TRUST	15.94M	Mar 31, 2025	1.19%	2,081,547,025

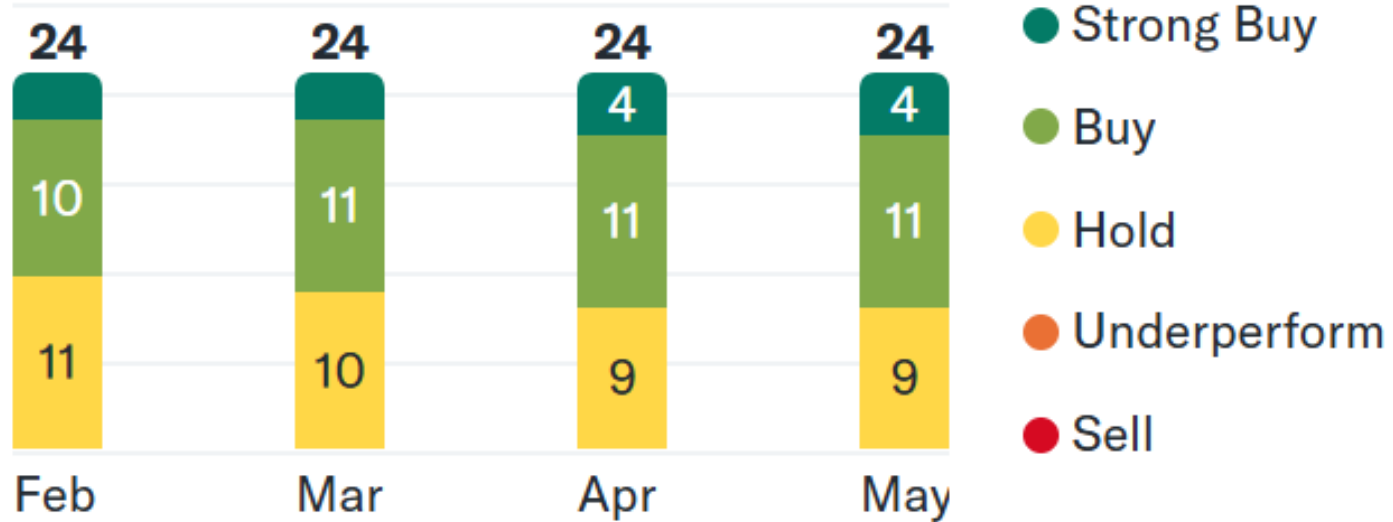
Top Holdings

Major Holders	
Breakdown	
0.08%	% of Shares Held by All Insider
81.73%	% of Shares Held by Institutions
81.80%	% of Float Held by Institutions
3,329	Number of Institutions Holding Shares

- 80%+ institutional ownership signals strong long-term investor confidence.
- Vanguard (+1.15%) and State Street (+0.87%) increased positions despite regulatory noise.
- Featured in top ETFs like ITA and VIG, highlighting RTX’s stability and income-generating appeal.

# Analyst Opinions

## Analyst Recommendations



## Recommendation

**Recommendation: BUY**

**Valuation Price: \$149.38**

**Current Market Price: \$130**

## Investment Thesis:

We believe that RTX is a buy for three main reasons.

- 1. Market** – Geopolitical instability and increasing global defense budgets provide a strong and continually increasing demand for RTX's advanced military technologies.
- 2. Growing Commercial Revenue** – RTX's commercial revenues are growing and despite short-term volatility, the long-term outlook for commercial air travel remains positive.
- 3. Strong Valuation** – According to our analysis the company is selling far below its intrinsic value, creating a compelling buying opportunity for long term investors.



THANK YOU



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