

Company: RTX Corp.	Ticker: RTX	Price: \$158.84	Industry: Commercial Aerospace & Defense	
Target Price: \$202.64 Stop Loss: \$134 52 Week H/L: \$112.27/\$170.85	TTM P/E: 26.96x Forward P/E: 26.13x EPS (LTM): 5.8	Beta (5Y): 0.69 Credit Rating: BBB+ (S&P)	Market Cap: 212.627B Avg. Volume (3M): 4.45M Div. Yield: 1.65%	

Company Background:

RTX Corporation is the world’s largest aerospace and defense company, created in 2020 through the merger of Raytheon Co. and United Technologies Co. (UTC) aerospace businesses; Pratt & Whitney, and Collins Aerospace. Headquartered in the U.S. with a global footprint spanning 235 facilities and 174,000 employees, RTX serves commercial, military, and government clients across more than 180 countries, specializing in aircraft engines, avionics, missile systems, and command technologies. RTX maintains a \$236 billion contract backlog, providing strong visibility into future revenue and reinforcing its sticky customer relations. Recent collaborations, such as with Shield AI and Kongsberg, represent RTX’s commitment to advancing their defense platforms through integration of artificial intelligence and next-gen capabilities.

Industry Outlook:

RTX participates in both commercial aerospace (46% of revenue) and defense industries (54% of revenue). The defense industry is experiencing robust growth driven by rising geopolitical tensions, and therefore, an increased global defense spending. Governments continue to modernize multi-domain defense systems, prioritizing advanced technologies such as AI, autonomous platforms, and cyber capabilities. Additionally, commercial aerospace is seeing a surge in air travel demand, prompting record backlogs at major OEMs (Boeing and Airbus), and a renewed prioritization of fuel-efficient aircraft. While supply chain constraints remain a threat, companies with diversified operations and strong supplier relationships will continue to win.

Competitive Analysis:

The few key players include Lockheed Martin, Northrop Grumman, General Electric, and General Dynamics, which contribute to a highly concentrated industry. RTX Corp. maintains a strong competitive position in the aerospace and defense industry, significantly outperforming its peers while maintaining a 16.13% market share. Unlike Lockheed, which derives ~73% of its revenue from government contracts, RTX benefits from a more diversified portfolio, spanning commercial aerospace, jet engines, missile systems, and command technologies. Compared to Northrop, which is also a sole defense play, RTX’s balanced exposure to both commercial and military markets provide greater flexibility and resilience across economic cycles. With a \$236 billion contract backlog, RTX demonstrates superior liquidity, innovation investment, and operational scale compared to its competitors.

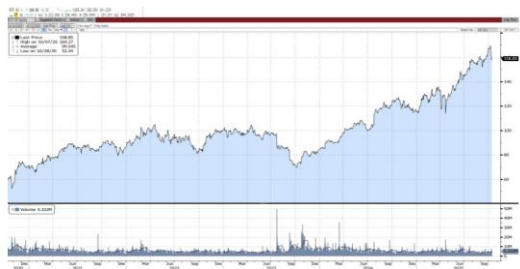
Investment Thesis:

RTX is an attractive buy due to its balanced exposure to defense and commercial aerospace, robust contract backlog, and strategic initiative in high-growth tech. RTX’s growth over the next 3-5 years will be driven by a combination of high-tech defense innovation, commercial aerospace recovery, and contract execution.

Investment Risks:

- Supply Chain Risk: Disruptions due to foreign supplier exposure and geographic concentration
- Legal/Compliance: At risk of civil/criminal penalties due to agreements with DOJ and SEC
- Government: Reliance on government budget cycles & procurement decisions

Stock Performance – 5yr:



ESG:

Environment, Social and Governance (ESG) Risk Ratings

Total ESG Risk Score 29.6 Medium	Environmental Risk Score 12.0
Social Risk Score 13.2	Governance Risk Score 4.4

Valuation:

Implied Perpetuity Growth Rate				Implied Equity Value and Share Price	
Terminal Year FCF	\$	12,826.24		PV of Cash Flows	\$ 48,324.2
WACC		7.30%		PV Terminal Value	\$216,007.8
Terminal Value	\$	307,233.12		Enterprise Value	\$264,332.0
				Plus: Cash and Cash Equivalents	4,782.0
				Less: Total Debt	43,595.0
				Implied Equity Value	\$225,519.0
				Fully Diluted Shares Outstanding	1,112.90
				Implied Share Price	\$ 202.64
				Current Stock Price	158.56
				Margin of Safety	28%
PGR			3.0%		

