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EARNINGS

United Technologies Raises Profit Outlook

Aerospace company recorded higher quarterly earnings and revenue

United Technologies Chairman and CEO Greg Hayes. **PHOTO:** BRENDAN MCDERMID/REUTERS

By Dave Sebastian

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United Technologies Corp. UTX **-1.06%** ▼ raised its profit outlook for the year as it recorded higher quarterly earnings and revenue driven largely by its 2018 acquisition of airplane-parts maker Rockwell Collins Inc.

For the full year, the Farmington, Conn., aerospace company now expects adjusted per-share earnings to be between $8.05 and $8.15, up from its previous outlook of $7.90 to $8.05. United Technologies on Tuesday narrowed its sales outlook to between $76 billion and $76.5 billion, compared with its prior guidance of $75.5 billion to $77 billion. It said it continues to expect organic sales to grow 4% to 5% for the full year.

Shares of United Technologies were up about 2% Tuesday. The company's stock was up about 32.7% this year.

The company posted adjusted earnings of $2.21 a share in the third quarter, up 14.5% from the same quarter last year and surpassing the $2.03 a share analysts polled by FactSet had expected.

Net income totaled $1.15 billion, down 7.3% from the comparable quarter a year earlier.

United Technologies said it incurred 73 cents per share of charges related to the separation of its Otis elevator and Carrier air-conditioner businesses.

Shareholders earlier this month approved the $135 billion combination of United Technologies and Raytheon Co., which would create one of the world's largest aerospace companies.

United Technologies Chief Executive Gregory Hayes is set to lead the combined company, which will be known as Raytheon Technologies. The deal is expected to close in the first half of 2020.

United Technologies Finance Chief Akhil Johri will retire on Nov. 1, Mr. Hayes said on a call with investors Tuesday. A 31-year United Technologies veteran, Mr. Johri took up the post in 2015. He previously served as chief financial officer at Pall Corp.

Neil Mitchill, the chief financial officer for United Technologies' Pratt & Whitney aerospace business, will serve as acting finance chief until the deal closes, Mr. Hayes said. Anthony "Toby" O'Brien, Raytheon's current chief financial officer, is set to fill that role in the combined organization.

The Raytheon merger is the second piece of an ambitious restructuring that will split the industrial conglomerate into three companies by the middle of next year. It closed its $23 billion acquisition of aircraft-parts maker Rockwell Collins almost a year ago, creating an aerospace division that will form the core of the new company after the Raytheon deal closes.

Raytheon Technologies aims to address changing defense priorities and budget pressures with the breadth of its offerings. Its Pratt & Whitney engines power Airbus jetliners, Lockheed Martin F-35 combat aircraft and the Boeing KC-46 tanker. Raytheon is focused on fast-growing areas such as hypersonic missiles and laser weapons and defenses.

The combined company would make everything from engines and seats for jetliners and F-35 jet fighters, to Patriot missile launchers and space suits for astronauts.

The company's revenue for the quarter was $19.5 billion, up 20.8% from the comparable quarter last year. Analysts were expecting $19.33 billion in sales.

United Technologies' Collins Aerospace business recorded $6.5 billion in sales, up 64% from the same quarter last year. Mr. Hayes said the segment's Rockwell Collins unit could add 60 cents a share to the company's full-year adjusted earnings.

However, the company's Carrier business, which specializes in heating, ventilation and air conditioning, posted an 11% decline in equipment orders due in part to a 68% drop in transportrefrigeration orders.

Mr. Johri attributed the weakness at Carrier to higher distributor inventory in the U.S. residential segment and softer demand in Europe, the Middle East and Africa.