This week we are comparing United Technologies with the aerospace industry’s giant, Boeing. While they are not direct competitors in this space (UTC makes engines, Boeing builds planes), I thought Boeing would be a more interesting comparison than Rolls Royce, as UTC does far better than Rolls Royce.

The first thing that I notice is that Boeing is a company almost twice as big as UTC. The second thing I notice is that economies of scale is not an absolute rule, as UTC has a return on assets of 8.7 %, while Boeing only achieves a ROA of 5.48%. Because of disparity in equity multiplier, Boeing enjoys much better return on equity (81.7%), while UTC still enjoys a nice 27.81%.

In terms of activity, Boeing is far better at turning over accounts receivable, with a turnover rate of greater than two times better than UTC. On the other hand, UTC has far superior inventory turnover (4.97 vs. 1.737), which could be largely in part to Boeing’s incredible amount of inventory, which consist of more than half of Boeing’s total assets. This can be reflected in the companies’ respective total asset turnover. Boeing has a total asset turnover of 1.018, which is better in comparison to UTC’s 0.641.

In general, it seems that these companies are both strong competitors in the aerospace industry, and seem like very stable companies. Both make a lot of money in the aerospace industry (they are both between 5 and 7 billion in net income), and will likely continue to do so for a long time.