The company which our team will be analyzing is United Technologies. They are a major player in the aerospace industry, and consist of sever different business units, including UTC Aerospace Systems, Otis, and most notably, Pratt and Whitney. They are based here in the United States, and are headquartered in Hartford Connecticut.

Identifying main competitors for United Technologies is a bit tricky considering their many business units. UTC Aerospace Systems deal generally in components, and therefore compete with entirely different companies than Pratt and Whitney, who build engines. This diversity of business units is what makes United Technologies so big in the aerospace industry. UTC deals mostly with components, therefore compete with companies such as BAE systems, General Dynamics, and Raytheon. Pratt and Whitney, as an engine design company, compete directly with GE Aviation and Rolls Royce. The company also competes generally with aerospace giants Boeing, Lockheed Martin, and Airbus.

The reason why we chose this company is mainly that we are both aerospace majors. In our introduction to flight class which we took last semester, we learned a lot about different types of airplane engines, including turbofans, turbojets, ramjets, scramjets, props, etc. Pratt and Whitney is a leading engine design company, so we are able to more fully understand their business. The reason we elected to go with United Technologies, over GE Aviation and Rolls Royce is that GE and Rolls Royce are not aerospace-focused companies. GE has holdings in many different industries, and Rolls Royce is generally regarded as a car manufacturer. United Technologies is far more focused on the aerospace component of their business therefore made for a more attractive choice for our team.

Questions

1. One thing I noticed in United Technologies’ financial statements is that while they have positive net income, that net income has dropped a billion dollars per year in the last two years. Figuring out why that is the case would be interesting, as decreasing net income is alarming to me.
2. How much money do other companies in the industry make, and what is the profit margin for a company in the aerospace industry?
3. United Technologies has over 90 billion in total assets. Why is almost 30 billion of those assets in the Goodwill account? This seems inefficient.
4. United Technologies has over 13 billion in recievables and 22 billion in accounts payable. Is this typical in the aerospace industry? Why?