North Loop Capital Research

COMPANY
RTX Corporation

TICKER
RTX

EXCHANGE
NYSE

SECTOR
Aerospace & Defense

RATING
BUY

PRICE TARGET
$207

CURRENT PRICE
$176.74

52-WEEK RANGE
$214.50 - $126.03

EQUITY UPSIDE/DOWNSIDE
+17.24%

MARKET CAP
$238.01B (Intraday)

SHARES OUTSTANDING
1.35B

AVG DAILY VOLUME (20 Day)
5.39M

RELATIVE VOLUME
1.13x

BETA
0.60

100-DAY MA
$193.51

200-DAY MA
$178.31

DATE
05/06/26

POSITION OPENED
04/30/2026

RTX Corporation Initiation

Summary & Investment Thesis

We are initiating coverage of RTX with a BUY rating with a price target of $207, implying 17.2% upside from current levels. The valuation and price target were derived from a blended DCF and EV/EBITDA multiples analysis that converged around $198–$207, strengthening conviction in our target.

RTX's investment case is rooted in its competitive advantage as a deeply embedded provider of critical subsystems across long-duration aerospace and defense platforms. This creates a structurally recurring revenue stream that is contract-protected and nearly impossible to displace. Coupled with its production of certain legacy weapons systems, RTX can capture decades of high-margin aftermarket, sustainment, and upgrade economics that become increasingly valuable as the world's commercial and military fleets age. The global macro backdrop offers a number of compelling tailwinds: renewed conflict in the Middle East, rising U.S. defense budgets, and the ongoing rearmament of Europe are driving sustained demand across RTX's highest-conviction franchises. Together, the structural positioning and macro setup make RTX one of the most durable compounders in aerospace and defense today.

Financially, the thesis is well-supported. Since Raytheon's 2020 merger with Collins Aerospace and Pratt & Whitney, ROIC has expanded from 18.5% to 36.7%, operating margins have grown from 8% to 10.5%, and the company maintains a consistent FCF yield of approximately 4%. The stock's 11% pullback has created an attractive entry point, with the stock now trading below its 200-day moving average at a discount to our assessed intrinsic value.

Company Overview

RTX is a large American aerospace and defense manufacturer that produces a wide range of products with military and commercial applications. The company's operations are organized across three business segments. Currently, the largest and fastest-growing segment, Pratt & Whitney, offers a wide catalog of military and commercial jet engines, with matching full maintenance, repair, and overhaul (MRO) services. Raytheon is the company's defense segment, most well-known for the Patriot missile platform. The Raytheon segment offers one of the most extensive catalogs of munitions, radars & sensors, and traditional military hardware. Lastly, through Collins Aerospace, RTX offers a wide range of military and civilian aerospace products and services. From commercial aircraft cabin design and landing gear to autonomous flight sensors and fleet management data, Collins Aerospace helps RTX deliver a broad range of offerings across aerospace and defense.

Recent Activity

RTX Q1 '26 Performance: On April 21st, RTX reported its first quarter results for fiscal year 2026. The company posted strong topline growth, generating 9% YoY growth. Topline revenues grew across all 3 segments, with the Pratt & Whitney and Raytheon segments leading the charge, producing 11% and 10% topline growth, respectively. Simultaneously, RTX saw operating margins expand 2.6% QoQ.

Recent Activity (cont.)

On a segment basis, Pratt & Whitney delivered the strongest results. Coupled with the segment's robust topline growth, Pratt & Whitney delivered a 21% increase in adjusted operating profit driven primarily by higher commercial aftermarket volumes and higher military engine sales. In Q1 '26, the company delivered 61 military engines, representing a 19.6% increase compared to Q1 '25.

The Raytheon segment delivered a strong quarter as well, posting a 25% increase in adjusted operating profits. This increase was primarily driven by higher volumes in naval munitions, land & air missile defense systems. During the quarter, the Raytheon segment also booked an additional $6.6B in backlog, growing the segment's total backlog to $74B. Between continued conflict in the Middle East, the ongoing rearmament of Western Europe, and the U.S.'s "America First Arms Transfer Strategy Executive Order," tailwinds for RTX's Raytheon segment will likely only increase.

Lastly, the Collins Aerospace segment delivered solid results with revenues growing 5%, primarily driven by 15% growth in commercial equipment and 9% growth in the segment's defense offerings. Alongside Collin's solid topline growth, the segment saw operating profits jump 6%. While this significantly lags other business segments, it is not overtly concerning, given that growth was largely constrained by an unfavorable equipment-to-MRO services mix, resulting in lower-margin revenue even as sales volumes increased for both commercial and defense equipment. Following the company's earnings report, RTX raised its FY 2026 guidance, raising adjusted sales from $92B-$93B to $92.5B-$93.5B. The company also raised its guidance on adjusted EPS from $6.60-$6.80 to $6.70-$6.90.

Management's Outlook for 2026:

2025 Letter to Shareholders: In RTX's most recent shareholder letter, published with the company's 2025 Annual Report and 10K, management conveyed a clear vision and an optimistic outlook for the company, particularly the Pratt and Whitney and Raytheon segments. The company's optimism was driven by 3 main factors:

1. Robust and growing demand for "modernized, integrated defense capabilities."
2. Growing demand for high-margin aircraft engine MRO services.
3. Continued re-investment in high-value capital expenditures and R&D.

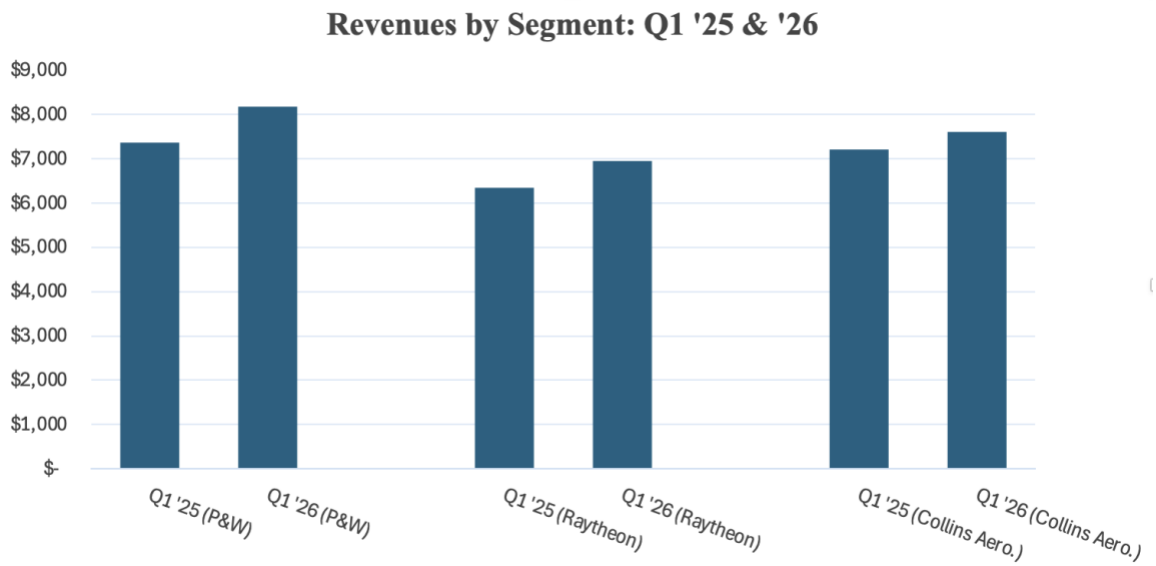
First, the company noted strong demand across the Raytheon segment, citing growing demand for "modernized, integrated defense capabilities." Not only does this show that management is aware of where their competitive advantage lies, but they are also aware of the macro environment in which they operate. Management built on this, explaining that Raytheon had increased output for key munitions, including the Guidance Enhanced Missile (GEM-T) for the Patriot system, the AMRAAM missile, and the Coyote unmanned aerial system (UAS). Through these highlights, management is proving that they not only understand the broader business environment, but they are also indicating that RTX's strategy, which leverages deep integration across a wide range of weapons systems, is working. Ultimately, increased demand for key munitions is not simply a function of geopolitical tension. It also indicates that the company strategically integrated itself with the right systems. Whether this be through the AMRAAM's integration with the F-16 and F-35 (produced primarily by Lockheed Martin). Or the GEM-

T missiles integration with a host of different patriot batteries across the globe, expanding demand for these munitions is direct evidence of RTX's integration-first strategy at work.

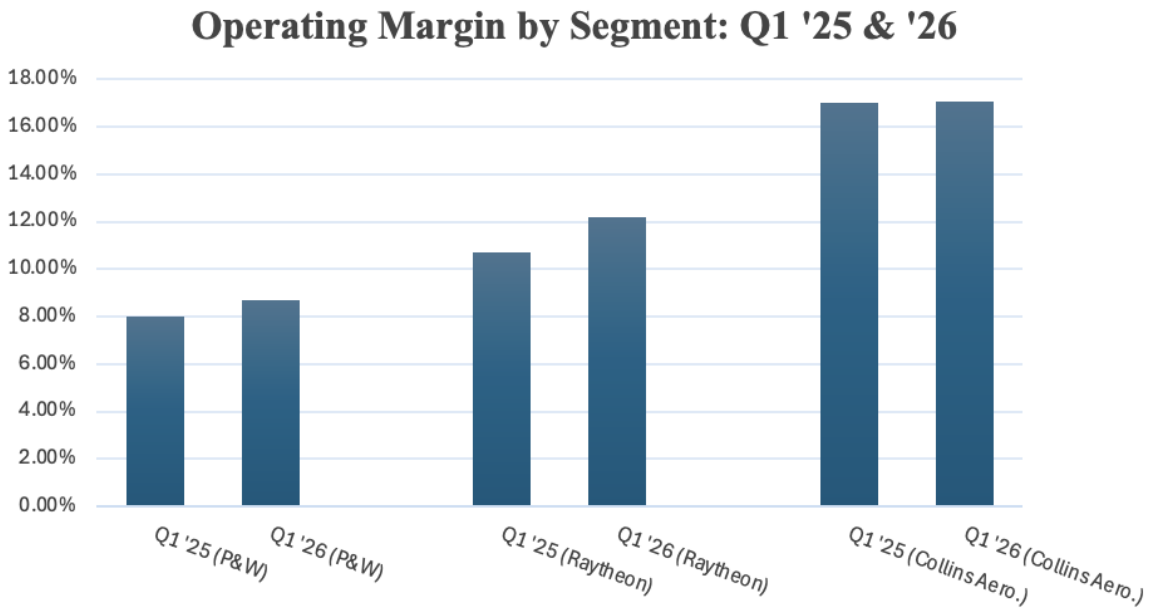
Second, management emphasized growing demand for high-margin MRO services, particularly citing the company's successful expansion of MRO output for Pratt & Whitney's PW1100G engine, which is used on Airbus' A320neo found in the fleets of airlines like Lufthansa and Frontier Airlines. This is critical because it shows that management understands the bottlenecks associated with the company's most lucrative and fastest-growing segment. Through this understanding of the Pratt and Whitney segment, the company has already made significant investments, spending $285M to expand the company's turbine airfoil manufacturing plant to support expanded production of engine components. These components are critical inputs for both MRO operations and new engine production, and expanded production will allow RTX to directly address the MRO bottleneck, enabling robust growth across the Pratt & Whitney segment.

Lastly, management described the company's robust investment in both capital expenditure and customer-funded R&D. In 2025, the company invested over $10B across capex and R&D. These investments indicate confidence in the underlying business and a positive outlook that warrants business expansion. Additionally, management cited significant investment in automation, or digitally connected factories, which currently represent around 50% of annual manufacturing hours. The company looks to grow this moving into 2026, creating meaningful margin level impacts that investors will reap the rewards of.

Q1 2026 Earnings Call: In the company's most recent earnings management, the company reaffirmed many of these views. In Q1 '26 earnings call, management pointed to continued strengthening in the Raytheon segment, primarily driven by wars in Ukraine and Iran. Additionally, the company continues to see robust demand in the commercial and military MRO spaces, giving a boost to both the Collins Aerospace and Pratt & Whitney segments. Alongside strong MRO growth, RTX's Pratt & Whitney segment saw military engine sales jump 7%, driven by higher F135 volumes. Despite strong aftermarket growth for Collins, the segment saw commercial OE (original equipment) fall 1% in line with expectations.

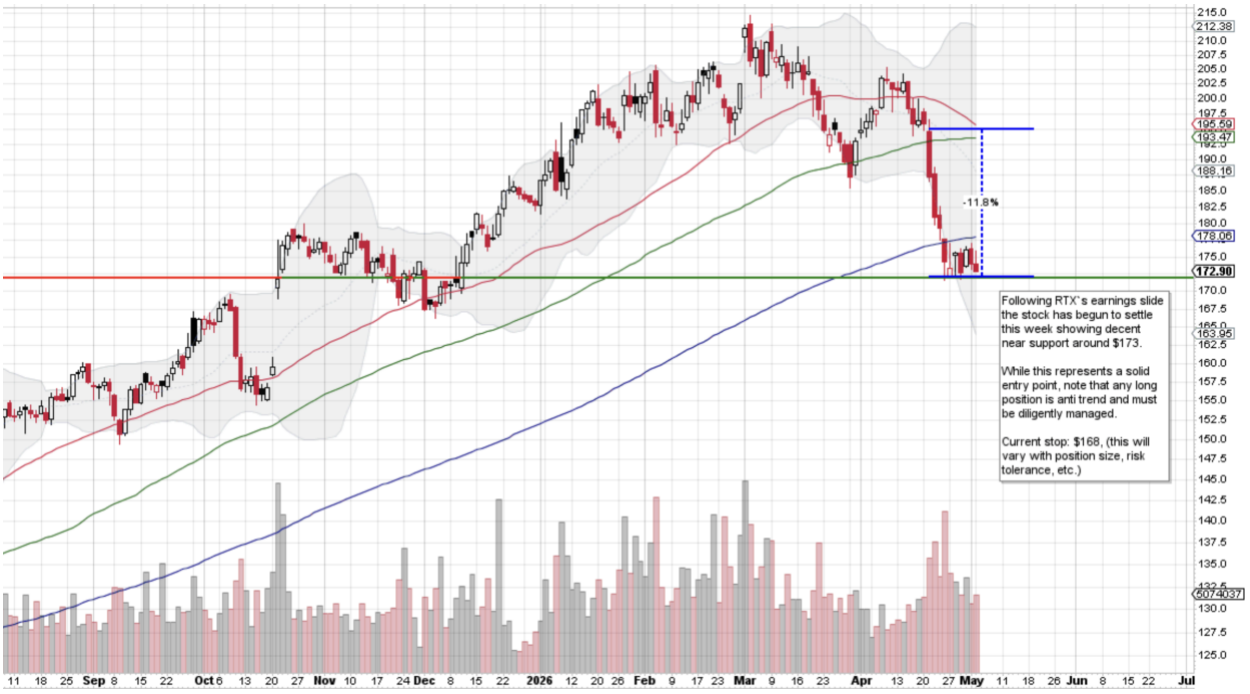


Source: North Loop Capital Research



Source: North Loop Capital Research

Controversies & Recent Performance: Despite reporting strong earnings raising topline and EPS guidance, and communicating a positive outlook, RTX stock fell 11% from April 21st to the 30th, settling below the 200-day MA and trading at $173.99 as of market close on May 1st. Immediately following earnings, many attributed selling pressure to the company's 2026 guidance, which fell slightly short of analysts' expectations. RTX's recent sell-off does not warrant much concern; it presents an opportunity for investors to open or expand positions at a notable discount. While this presents a strong buying opportunity, the stock is still trading just below its 200-day MA; thus, any long position is inherently anti-trend, and such positions must be diligently managed with clear stops should a sell-off continue.



Source: StockCharts.com, North Loop Capital Research | 9-month chart | Blue=200 DMA, Green=100 DMA, Red=50 DMA

Recent News: On May 1st, Bloomberg reported that the U.S. had approved expedited arms sales to Israel, Kuwait, Qatar, and the United Arab Emirates. Of the total sales, worth nearly $9B, RTX acted as a principal contractor on $6.51B worth of sales, providing a range of key munitions and systems. These included Patriot Advanced Capability-2 (PAC-2), Guidance Enhanced Missile-Tactical Interceptors (GEM-T), and the Integrated Battle Command Systems for which RTX builds sensors and other subsystems.

On April 14th, Bloomberg reported that the U.S. Army is planning to sign a long-term contract with RTX to procure RTX's Coyote drone interceptors. In an interview, General Frank Lozano noted that the army plans to request funding in 2027 to secure the multi-year contract. News of this deal comes following increased scrutiny on the economics of U.S. air defenses, specifically its use of multi-million-dollar Patriot Interceptors used to combat $20,000-$50,000 Iranian Shahed drones.

On March 13th, RTX reported the completion of its $115M expansion of its Redstone missile integration facility in Huntsville, Alabama. The expansion adds 26,000sq ft of space, increases delivery capacity by over 50%, and expands the company's footprint in Alabama to 2,200 employees. News of the completed expansion comes following recent calls from the Trump administration for U.S. weapons manufacturers to boost domestic munitions production.

Industry Overview

RTX operates in a highly competitive, concentrated, and capital-intensive industry characterized by intense contract-based competition. In 2024, the industry generated $995B in total business activity; that same year, it generated $443B in economic value, representing 1.5% of the 2024 U.S. nominal GDP.[1]

Customers in the Aerospace & Defense Space: The broader aerospace and defense industry can be broken down into a 5-phase lifecycle.

1) **Research and development** – the development, and testing of novel technologies, typically very high spend, with little guarantees of returns. This phase represents a major barrier to entry, particularly for small unestablished firms.
2) **Procurement and contracting** – Once a design has been proven, governments begin the procurement process selecting suppliers to produce a given system. This is typically done through a competitive bidding process where governments select contractors-based cost, prior experience, system design, and performance.
3) **Production and manufacturing** – Once a company wins a government contract, they are responsible for manufacturing the system. This typically entails billions in investment for infrastructure, equipment, continued R&D, etc. Additionally, most major projects require subcontractors who produce parts of the larger system, an area that RTX is heavily involved in.
4) **Systems integration** – Integration is the process by which the many subsystems produced by subcontractors are combined into a functioning whole. This phase is typically made up of rigorous field testing to ensure that systems integrate smoothly in high stress environments.
5) **Sustainment and aftermarket support** – Lastly, sustainment or MRO. Most major contractors provide ongoing support through long term contracts, supplying everything from spare parts to repairs, and upgrades. This phase in the lifecycle also represents the highest margin opportunities for all contractors, requiring much less investment compared to the development and manufacturing of new systems. Conversely, sustainment represents a massive cost for the governments purchasing these systems with sustainment costs typically representing over 70% of a weapon system's lifecycle cost.[2]

Overall buyer power in the aerospace and defense industry fluctuates significantly as buyers move through each phase in the lifecycle. From R&D to the manufacturing process buyers retain a high level of power dictating requirements, and cost, allowing governments and commercial airlines to pick and choose from any number of suppliers and negotiate their contracts. However, following initial purchases, buyer power effectively disappears, and this is one way in which RTX maintains its competitive advantage. A prime example of this shift occurred in August of 2025 when RTX signed a 20-year, $50B deal with the Department of Defense. This contract was signed to support the Patriot Missile Program (one of RTX's hallmark weapons systems). The deal illustrates the advantages that RTX inherits following the initial contracting phase, and these advantages can be applied to both government and civilian customers. The agreement "covers systems production, spare parts, services, and other forms of support, with work set to

[1] https://www.aia-aerospace.org/news/american-aerospace-defense-industry-continues-economic-dominance/
[2] https://umbrex.com/resources/how-industries-work/aerospace-defense/how-the-defense-contractors-manufacturing-industry-works/

conclude by the 31st of July 2045."[3] The first takeaway is that these contracts are long; base supply contracts typically last around 5 years, while sustainment contracts like the one detailed above can last decades. This locks buyers in, ensuring stable revenues for RTX and leaving them with no power to leverage other suppliers. Even after contracts have expired, it remains difficult for buyers to switch to other producers. This is because of the exceptionally high switching costs associated with replacing, installing, and training personnel on new aircraft or weapons platforms. Airlines and governments alike rely on skilled pilots, technicians, and personnel to operate both aircraft and weapons systems. Any change in these platforms represents an expensive and prolonged investment, one that in many cases is simply not economical or realistic. Ultimately, the long-term, contract-driven nature, and platform-based infrastructure of the aerospace and defense industry offer RTX significant power over its buyers, ensuring stable streams of revenue, assuming the company is able to attract contractors with its suite of products and services.

Suppliers in the Aerospace & Defense Space: RTX and other major players in the aerospace and defense industries leverage a massive network of thousands of suppliers that source key materials and components to support their extensive product catalogs. Prime contractors like RTX hold significant power over their suppliers for two key reasons. First, the majority of products that these companies are sourcing are commodities, and thus, suppliers of materials like aluminum, steel, and carbon fiber are unable to differentiate themselves except on price, leaving buyers to pick and choose the cheapest and most effective option. Second, prime contractors like RTX are major buyers of these materials, purchasing on a massive scale. For the 2025 fiscal year, RTX reported raw materials inventory of $4.7B, representing a 54% YoY increase.[4] Ultimately, purchasing on this scale gives these companies power because, in many cases, they are among the largest, if not the largest, customers of a given supplier. For suppliers, especially those dealing in commodities, it is nearly impossible to negotiate from this position. While RTX and other primes can easily exert power over their commodity suppliers, gaining power over key suppliers in the semiconductor and microelectronics space is much more difficult.

These suppliers have seen demand explode, with projections expecting the industry to reach $1 trillion by 2027, up from $631B in 2024.[5] While advanced semiconductor and microelectronic producers would traditionally hold significant power over RTX and other primes, RTX has separated itself and taken action to mitigate this power. In 2021, RTX signed a deal with GlobalFoundries to license its proprietary "gallium nitride on silicon" technology to produce a new semiconductor designed for wireless communication infrastructure across civilian and military applications.[6] Additionally, in 2024, RTX's Raytheon partnered with chip giant AMD to produce a new "multi-chip" package that will enable faster, more efficient conversion of radio-frequency energy into usable digital data.[7] Ultimately, RTX's scale and diversified sourcing base allow it to maintain power over many of its commodity-based suppliers. While certain high-

[3] https://www.missiledefenseadvocacy.org/missile-defense-news/rtx-secures-50-billion-umbrella-contract-for-20-year-support-of-patriot-missile-defence-system/#:~:text=About-,RTX%20secures%20$50%20billion%20umbrella%20contract%20for%2020%2Dyear%20support,Click%20here%20to%20read%20more

[4] https://www.stock-analysis-on.net/NYSE/Company/RTX-Corp/Analysis/Inventory

[5] https://www.deloitte.com/us/en/insights/industry/technology/technology-media-telecom-outlooks/semiconductor-industry-outlook.html

[6] https://gf.com/dresden-press-release/raytheon-technologies-and-globalfoundries-partner-accelerate-5g-wireless-connectivity/

[7] https://www.rtx.com/news/news-center/2024/02/01/rtx-works-with-amd-to-develop-next-gen-multi-chip-package

technology inputs such as advanced semiconductors originate from a concentrated supplier base, RTX mitigates this risk through co-development agreements and long-term licensing arrangements, which separate them from other buyers leveraging their in-house talent and tech development to create a level of mutual dependence. Supplier power, therefore, remains moderate at most and does not pose a structural threat to RTX's margins or long-term competitive position.

Threat of New Entrants: The broader aerospace and defense industry is highly concentrated, significantly lowering the threat of new entrants. In 2024, the DOD spent a total of $445B on defense contracts. Of this, just 5 companies, RTX, Lockheed Martin, the Boeing Company, Northrup Grumman Corp, and General Dynamics Corp. received 30% of all contract spending. Ultimately, this stat functions as a solid indication of the broader defense industry and presents another hurdle for potential new entrants. Concentration within the industry is not just a function of high capital requirements but also of trust. Assuming a firm can raise enough capital to develop product(s) and produce at scale, it must then compete with established players who have gained the trust of those using their products and services. In an article by RedForge, a defense startup consultant, they explain the key reason many defense startups fail. "Too many startups build for a pitch. Not a battlefield. They test in controlled environments, optimize for investor feedback, and assume ideal conditions."[8] Ultimately, many of these startups lack a battlefield track record. Companies like RTX and Lockheed, which hold a disproportionately large share of defense contracts, have been tested. Lockheed's aircraft have been in service for over 70 years, while RTX has had radar components in service for 80 years.[9] These companies and their products have been tested in live combat engagements for which they were designed. These experiences have then been leveraged to build the next-generation products. At the end of the day, defense startups and entrants can rarely make similar claims, and do not have the same experience to draw from. This leads governments to worry about the "cost of not knowing" how these systems will perform, a cost that many are unwilling to take on.

Threat of Substitutes: Much like the threat of new entrants, the threat of substitutes for the broader A&D industry and prime contractors like RTX is low. This is thanks in large part to the firm's expansive and dynamic product catalog. On the defense side, warfare is rapidly changing, in many cases led by developments in the conflict between Russia and Ukraine. Whether it is the development and deployment of combat drones or the increased use of cyber warfare, the definition of warfare appears to be fundamentally changing. A report published by the Office of the National Director of Intelligence broke down the future of warfare into two buckets: hardware and software. The report argues that future military hardware will be driven by four key tenets: connectivity, autonomy, sustainability, and lethality.[10] Ultimately, RTX's product catalog is seemingly well prepared for these developments. Through both its Raytheon and Collins Aerospace segments, the company is developing "Counter Unmanned Aircraft Systems" (C-UAS) to defend against combat drones. Alongside this development, the company is

[8] https://redforges.medium.com/why-most-defense-startups-fail-and-what-they-miss-before-it-happens-51d556eed281
[9] https://www.rtx.com/raytheon/what-we-do/air/ris-radars-history
[10] https://www.dni.gov/index.php/gt2040-home/gt2040-deeper-looks/future-of-the-battlefield#:~:text=The%20future%20of%20warfare%20will%20be%20driven,ability%20to%20improve%20military%20logistics%20and%20sustainment

developing a number of munitions systems, and its KuRFS Radar system, to detect and counter small, highly maneuverable drones.[11]

While much of this transformation is visible in next-generation hardware systems such as drone defense and advanced radar, modern warfare is increasingly defined by software capabilities layered on top of physical platforms. As the Office of the National Director of Intelligence suggests, software, particularly artificial intelligence, machine learning, and cyber capabilities, will all shape the future of warfare.[12] Rather than being displaced by this shift, RTX has expanded into these domains. The company has built out RTX BBN, a Cambridge, Mass.-based R&D subsidiary dedicated to tech-based solutions. This segment focuses primarily on AI/ML applications across both military and civilian domains, cyber/cybersecurity applications for the DOD, and a host of other technology-based applications.[13] Ultimately, RTX's wide-ranging and dynamic defense catalog has significantly limited the threat of substitution even in the face of macro forces that threaten to disrupt the reality of modern warfare.

On the civilian side, primarily in the commercial airline space, consumer tastes have changed, and with them the offerings of different airlines; however, the underlying hardware that RTX produces appears likely to remain intact at least in the near term. Through 2025, airline fare prices fell 5.4%, with air travel expected to increase 5.8% in 2026.[14] While a healthy airline industry is important for RTX, what's more important is the massive backlog that currently exists in the airline industry. Currently, the global backlog of unfilled aircraft orders "stands at over 17000 jets, its highest ever."[15] This statistic illustrates the lack of an impending substitute to traditional air travel. Major airlines are clearly investing in new aircraft and expect to keep existing services intact.

Competitive Positioning & Moat Durability

Competitive Advantage: RTX's competitive advantage stems from its position as a critical sub-system provider that has embedded proprietary hardware and software subsystems within long-duration aerospace and defense platforms. Rather than competing solely as a prime contractor, RTX integrates proprietary propulsion systems, sensors, avionics, software, and weapons technologies across both its own platforms and those of competing prime contractors. This deep integration across many platforms creates decades of high-margin sustainment and upgrade revenue. This platform-based lifecycle model, reinforced by high switching costs, capital intensity, and institutional trust, creates a structurally sustainable advantage over competitors. Ultimately, this approach allows RTX to participate in multiple programs simultaneously, monetize products over extended periods through sustainment and upgrades, and reduce its exposure to the episodic, winner-take-all nature of prime platform competition. The sustainability of this strategy can be evaluated through 5 elements: RTX's value proposition, value chain, tradeoffs, segment fit, and continuity.

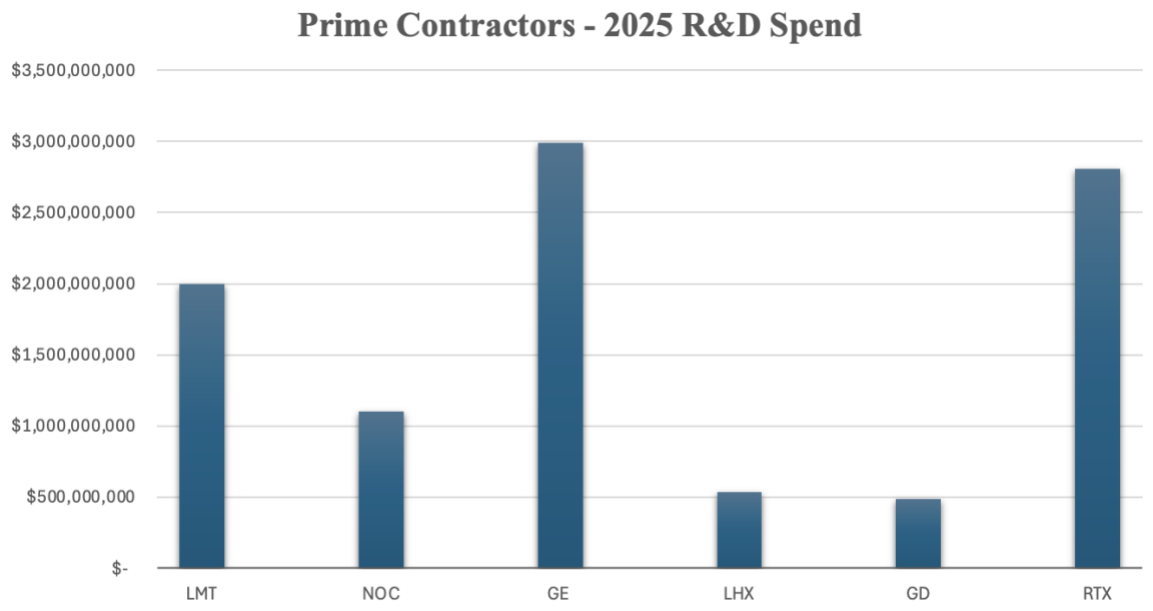
[11] https://www.rtx.com/news/2026/02/11/counter-drone-technologies
[12] https://www.dni.gov/index.php/gt2040-home/gt2040-deeper-looks/future-of-the-battlefield#:~:text=The%20future%20of%20warfare%20will%20be%20driven,ability%20to%20improve%20military%20logistics%20and%20sustainment
[13] https://www.rtx.com/who-we-are/we-are-rtx/transformative-technologies/bbn
[14] https://www.bcg.com/publications/2026/air-travel-outlook-revenues-and-costs-are-rising
[15] https://www.forbes.com/sites/oliverwyman/2025/02/27/aircraft-production-hurdles-create-record-order-backlog-older-fleet/

RTX's Value Proposition: RTX's value proposition centers around critical subsystems and integrated technologies that embed within major aerospace and defense platforms, enabling customers, including other prime contractors, to build and sustain systems over decades, all while RTX deeply integrates itself in platforms across these industries. The first area that makes the company's value proposition unique is its customer base. RTX sells its products and services to traditional government and commercial airline customers, but more importantly, key components such as engines, software platforms, sensors, etc are sold directly to their competitors to be integrated in these companies' major products. Examples can be found across RTX's competitors' catalogues, from the F-135 engines in Lockheed Martin's F-35[16] to the high-frequency radar components found in Northrop Grumman's B2 bomber,[17] or the 3GEN FLIR infrared sensors found in General Dynamics' Abrams tank.[18] RTX has a hand in all these major products and more. Ultimately, RTX doesn't just sell its offerings to governments and commercial clients, they provide critical sub-systems that deeply integrate into other vendors' flagship offerings. As competitors like Lockheed or Northrop Grumman scramble to win the next big contract or produce the next generation super jet, RTX leverages its capabilities to integrate itself into all these systems, ensuring that, regardless of who wins the contract, RTX gets paid.

The second unique aspect of RTX's value proposition is the needs they fill within the industry. As previously mentioned, many of RTX's competitors prioritize producing the next flagship weapons system to win the next big government contract. Lockheed Martin and its F-35 program offer a prime example of this. While Lockheed is the "prime contractor" of the F-35, the company does not design or produce many components that make up the jet.[19] Instead, they manage and oversee the assembly of key components produced by other companies, such as RTX.[20] Again, this is where RTX separates itself, by producing few major headline hardware systems aside from missile systems like the Patriot and Tomahawk RTX is able to expand its customer base and integrate itself within its peers' key product offerings. This allows the company to capture a share of value from major defense contracts, all without the massive costs and competitive risks of attempting to win these contracts outright. Ultimately, by positioning itself as a critical subsystem supplier across a host of different products and platforms, RTX effectively hedges across the entire military industrial space. When Lockheed wins big, RTX takes a piece; when General Dynamics wins big, RTX again takes a piece. Through this unique value proposition, RTX effectively operates as the "Moneyball" player in the defense space, focusing on its area of expertise (critical subsystems like sensors) and taking what the industry gives it.

[16] https://www.rtx.com/en/prattwhitney/products/military-engines
[17] https://www.airforce-technology.com/news/rtx-secures-contract-for-overhaul-and-repair-of-b-2-radar-components/
[18] https://dallasinnovates.com/raytheon-now-rebranded-as-rtx-inks-117-5m-u-s-army-contract-for-advanced-targeting-sensor-systems/#:~:text=Under%20the%20contract%2C%20RTX%20will,can%20make%20the%20right%20decisions.%E2%80%9D
[19] https://aerospaceglobalnews.com/news/where-is-the-lockheed-martin-f-35-built/#:~:text=RTX%2C%20through%20its%20Pratt%20&%20Whitney,also%20contributing%20to%20the%20aircraft.&text=An%20error%20occurred.,F/A%2DXX%20concept.
[20] https://aerospaceglobalnews.com/news/where-is-the-lockheed-martin-f-35-built/#:~:text=RTX%2C%20through%20its%20Pratt%20&%20Whitney,also%20contributing%20to%20the%20aircraft.&text=An%20error%20occurred.,F/A%2DXX%20concept.

RTX's Value Chain: While the aerospace and defense industry is already considered a high R&D, high capex spend industry, RTX separates itself in this sense. In 2025, a peer group of RTX made up of LMT, NOC, GE, LHX, and GD spent an average of $1.42B each on self-funded R&D efforts. Over the same period, RTX alone spent $2.80B, nearly double. RTX's commitment to R&D functions as a broader representation of the company's tailored value chain. As a producer of critical sub-systems such as radar, integrated sensors, command and control interfaces, etc. RTX must ensure that their systems are not only high-performing but can also be integrated across different products and platforms. This inherently separates them from their competitors, many of whom prioritize building siloed next-generation products that are inherently rigid. Ultimately, RTX's value chain supports the production of high-quality modular sub-systems.



Source: North Loop Capital Research

Furthermore, the company's emphasis on "open systems architecture" allows it to produce flexible, modular sub-systems that can be deployed across platforms and products.[21] A prime example of RTX's commitment to modular open architecture systems was tested earlier this month. On February 20th, of this year when Collins Aerospace showcased its Sidekick mission autonomy software, which is designed to enable unmanned aircraft to fly without extensive supervision from a ground-based operator. During this 4hr flight test, the software was successfully engaged and "showcased seamless integration" with Northrop Grumman's YFQ-42A aircraft and its mission systems.[22] This test functions as a prime example of RTX's value chain and the unique results it achieves through its focus on producing high-quality, modular systems, as opposed to siloed and inflexible products. RTX's software and hardware products are not the only offerings that are bolstered by the company's differentiated value chain. RTX's extensive aftermarket

[21] https://www.rtx.com/collinsaerospace/what-we-do/industries/military-and-defense/open-systems-architecture-solutions
[22] https://www.rtx.com/news/news-center/2026/02/20/rtxs-collins-aerospace-autonomy-solution-sidekick-flies-ga-asis-yfq-42a-cca-p

offerings not only bring in recurring high-margin revenues for the company, but they are also built on the company's commitment to providing modular and flexible solutions. This commitment is made abundantly clear as the Aftermarket teams at RTX support 70,000 different aircraft and 120,000 distinct part numbers.[23] Ultimately, RTX's unique value chain-driven focus on producing modular and flexible solutions allows its aftermarket business to service platforms and products that it did not initially build. This not only further embeds the company across products and platforms, but it also expands its total market.

Tradeoffs in RTX's Strategy: Despite RTX's successful integration of its systems and subsystems, maintaining this value proposition comes with tradeoffs. Currently, RTX trades major contract-winning platforms for subsystem specialization and broad embedment. While RTX's competitors work towards producing the next generation of contract-winning platforms, RTX strays from this focus, instead producing high-quality modular sub-systems. In pursuing this alternative route, RTX sacrifices full control and, in some cases, headline prestige. However, in return, the company receives a highly versatile and diversified portfolio of products that enables deep embedment across many platforms, all with lower risk levels. While many competitors choose to pursue and produce major platforms like Northrop Grumman's B2 Stealth bomber, RTX chooses to make itself virtually indispensable to its prime competitors, providing a host of critical subsystems discussed previously. While this choice keeps RTX out of prestigious contract-based headlines and limits the control they have over the platforms they integrate with, it enables the company to serve a wider range of customers, diversify their revenue streams, and provide more stable results.

Strategic Fit Across RTX's Operations: RTX's three main business lines offer an impressive range of products and services, as well as a high level of fit that allows the company to maintain its value proposition. RTX's Pratt & Whitney creates the first layer of integration for RTX's broader enterprise. Through the production of key engines like the PW4000-100, which is found in Airbus' A330,[24] or the F117 found in Boeing's C-17 Globemaster,[25] RTX embeds itself within military and commercial aerospace applications. RTX's Raytheon segment, which produces everything from the firm's headline weapons systems to key radar and sensor offerings, furthers the company's integration across the defense space. Through major systems like the company's Multi-Spectral Targeting System (MTS), which has seen implementation in platforms like General Atomics' MQ-9 Reaper Drone, or Lockheed Martin's MH-60 Black Hawk helicopter, Raytheon offers a high level of breadth within the defense space.[26] Lastly, through RTX's Collins Aerospace segment, the company gains broader integration within military and commercial fleets, further bolstering its value proposition and competitive advantage.

Taken together, each of RTX's unique segments supports the others and ultimately creates more extensive cross-selling and integration opportunities across the defense and commercial aerospace industries. By building and supplying key engines, the Pratt & Whitney segment acts as the backbone of many of the platforms that Raytheon and Collins Aerospace rely on. When Pratt and Whitney win a contract to supply engines for a given project, this immediately opens doors for both Collins Aerospace and Raytheon to piggyback off, ultimately enabling further integration. Each brand within RTX plays a specific role, while

[23] https://www.rtx.com/collinsaerospace/what-we-do/industries/business-aviation/service-solutions/aftermarket
[24] https://www.rtx.com/en/prattwhitney/products/commercial-engines/pw4000-100
[25] https://www.445aw.afrc.af.mil/About-Us/Fact-Sheets/Display/Article/679342/c-17-globemaster-iii/#:~:text=The%20C%2D17%20measures%20174,including%20Air%20Force%2Dstandardized%20avionics.
[26] https://www.rtx.com/raytheon/what-we-do/air/mts

Pratt & Whitney acts as the backbone in many cases, Raytheon arguably offers the broadest integration, touching nearly every corner of the defense industry. Lastly, Collins Aerospace rounds out RTX's coverage in both the defense and commercial markets, ensuring RTX can offer the broadest selection of systems and services in the space. This high level of fit is not easily replicated either. A competitor looking to disrupt RTX would need to simultaneously match the company's engine capabilities, weapons systems breadth, and avionics/software portfolio to compete on the same level. Currently, no peer does. While Lockheed has major platforms and some software and weapons production, they lack RTX's engines segment. Additionally, L3Harris has electronics and software that rival RTX, but not engines or major weapons systems. Ultimately, it is RTX's combination that is defensible and allows the company to maintain its competitive advantage.

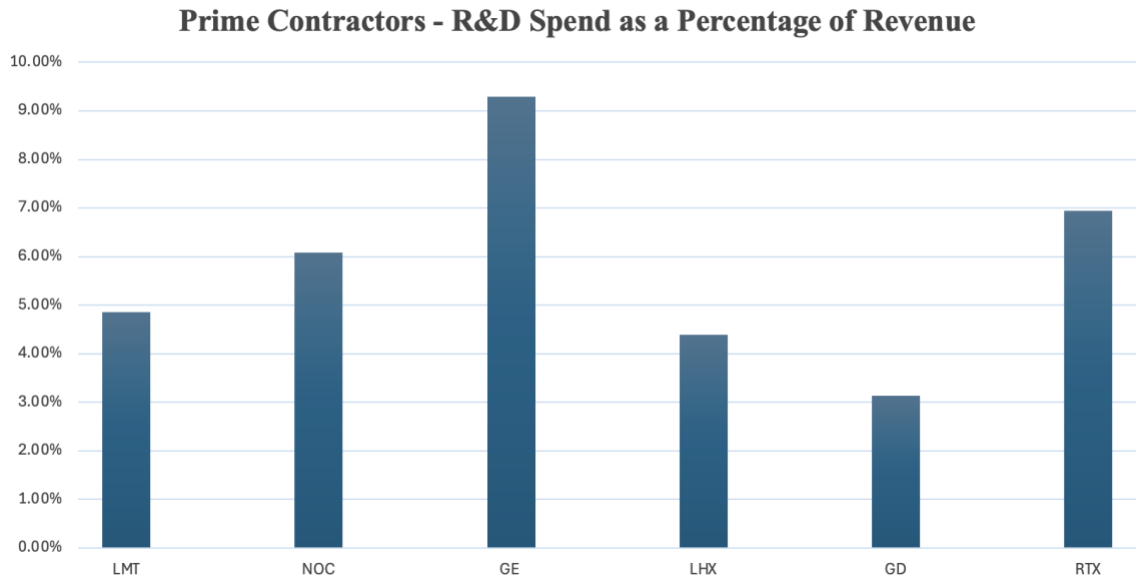
Financial Analysis

Cash Flow Characteristics: Since 2021 RTX has shown improving liquidity, from 2021 to 2025 free cash flow grew 62.74%. The company's growth in free cash flow has been driven by growing net income which jumped 70.5% over the same period.

Capital Intensity of the Business:

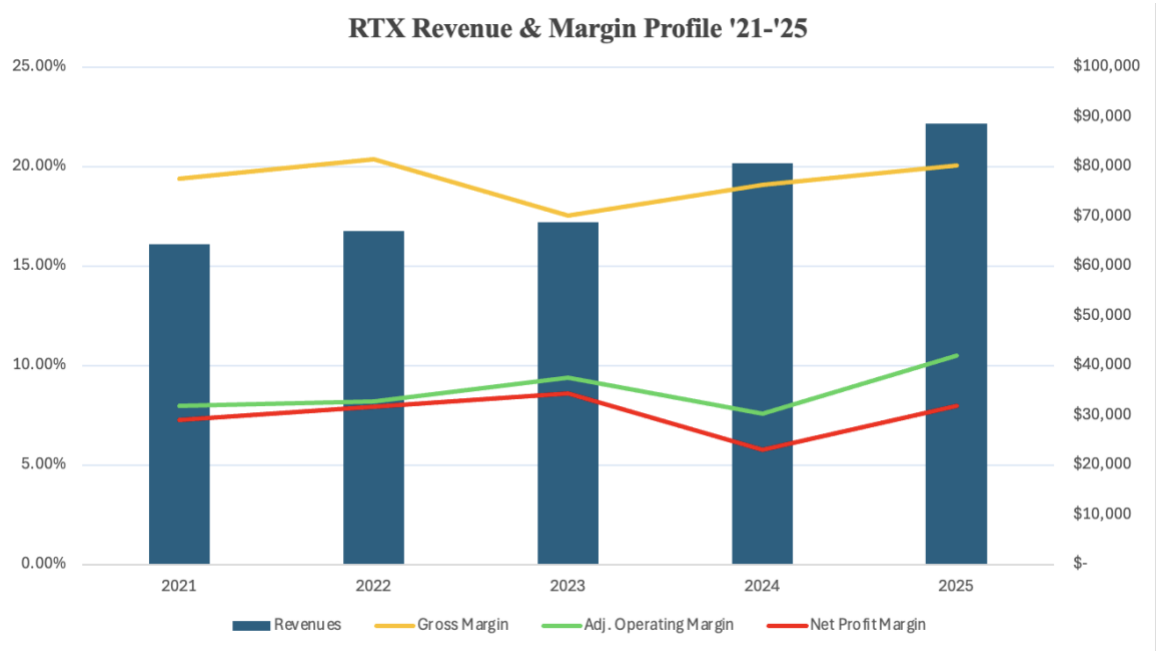
Capital Expenditures: The broader A+D industry is very capital-intensive requiring billions in spending to support novel commercial and defense technologies and systems. In 2025 a group of RTX, Lockheed Martin, Northrop Grumman, GE Aerospace, L3Harris, and General Dynamics spent a total of $9.3B on capital expenditures. RTX's business is no different. From 2021 to 2025 RTX's capex spending grew at an average annual rate of 5.4%. While capex spending stabilized from 2024 to 2025, we do not anticipate this trend holding. With significant growth in demand for both munitions, MRO services, and military engines RTX will be forced to expand its production capabilities to maintain growth. We project $3.1B in capital expenditure for fiscal 2026, representing an 18% YoY increase.

Research and Development (R&D): Alongside significant capital expenditures, RTX and other prime contractors spend extensively on R&D in the hopes of developing the next milestone weapons/aerospace system. Again, RTX is no different from its peers, between 2021 and 2025 RTX's R&D spend grew at an average annual rate of 2.8%. Over this same period, R&D spending represented between 3.1 and 4.2% of revenues, and 29-33% of total operating expenses, showing its importance in the context of the company's operations. In the context of the wider A+D industry RTX sits at the upper end of R&D spending, only further establishing them as a leader capable of winning major contracts.



Source: North Loop Capital Research

Margin Profile: Since 2021 RTX has exhibited a healthy margin profile, with the only notable drawdown occurring in 2023 caused by a large-scale commercial engine recall that cost the company about $3B. Aside from this one off impact, margins have remained healthy with gross margin stabilizing around 20%, adjusted operating margin stabilizing around 10%, and profit margins settling around 7-8%. Looking forward, RTX is poised for margin expansion. Increasing demand for both commercial and military MRO services have grown significantly, representing high margin opportunities for both the Pratt & Whitney segment, and the Collins Aerospace segment.



Source: North Loop Capital Research

Capital Structure: As will be discussed in further detail in the valuation section RTX operates with very little debt currently, the company's capital structure is made up of just under 90% equity financing, with debt financing making up 10.1% of the company's capital structure. Additionally, since the 2020 merger RTX has prioritized reducing long term debt. While long-term debt peaked in 2023 at $42.35B, primarily driven by a $10B debt-based share repurchase program and costs associated with engine recalls, RTX has since paid down long-term debt to $34B, representing a 19% decrease since 2023. Overall, RTX conservative equity-driven capital structure further confidence in the business.

Working Capital Needs: RTX currently maintains a consistently negative net working capital position, typical of contract-based defense manufacturers that benefit from U.S. government progress payments, reducing the need for external financing to fund operations.

Cash Flow Funding Requirements & Uses: RTX's typical cash flow funding requirements what can be expected of many aerospace and defense companies, with R&D, capital expenditures, and working capital requirements consuming the majority of free cash flow. Fortunately for RTX who plan to spend $10.5B in capex and R&D, in many cases R&D is customer funded, as a way to incentivize innovation by shifting R&D spend risk to customers (governments) as opposed to firms.[27]

Valuation – Price Target $207

DCF Valuation: The initial valuation and published price target were calculated using a standard DCF model. Outlined below are the assumptions driving this model.

DCF Assumptions

Net Debt	$	27,057
Market Cap	$	240,483
Enterprise Value	$	267,540
Debt Weighting		10.11%
Equity Weighting		89.89%
Total		100%
Cost of Equity		5.14%
Cost of Debt		0.37%
WACC		**5.51%**
Terminal Growth Rate		**2.00%**

Beta	0.43
Risk Free Rate	4.00%
Market Return	8.00%
Weighted avg. cost of debt	4.50%
Equity Cost of Capital	**5.72%**
Debt Cost of Capital	**3.64%**

Source: North Loop Capital Research

WACC and Terminal Growth Assumptions (figures shown in millions): RTX's WACC was calculated using the traditional CapM formula to determine the equity cost of capital, and the company's given debt

[27] https://finance.yahoo.com/markets/stocks/articles/rtx-annual-meeting-calio-touts-050233773.html

schedule to calculate the debt cost of capital. Below are the CapM inputs used to calculate equity cost of capital.

Beta = **0.43** | Risk free rate = **4%** | Market return = **8%**
Equity cost of capital = 4% + 0.43(8%-4%) **= 5.72%**

Additionally, to calculate the debt cost of capital, the following inputs were used.

Weighted avg. cost of debt = **4.50%** (RTX 10-K) | 2025 effective tax rate = **19.05%**
Debt cost of capital = 4.50% *(1-19.05%) = **3.64%**

The preceding cost of equity and cost of debt calculations were then used to derive RTX's Weighted Average Cost of Capital (WACC), with capital structure weights determined using market-based values. Enterprise value was calculated as the sum of market capitalization and net debt, yielding an EV of $280,934M. Debt represented 9.63% of EV ($27,057M/$280,934M) while equity accounted for the remaining 90.37% ($253,877M/$280,934M), reflecting RTX's predominantly equity-financed capital structure. Applying these weights to their respective costs of capital yields a WACC of 5.52%, calculated as follows:

Debt weighting (net debt/EV) = $27,057/$280,934 = **9.63%**
Equity weighting (m-cap/EV) = $253,877/$280,934 = **90.37%**

RTX cost of equity = 90.37% * 5.72% = **5.17%**
RTX cost of debt = 9.63% * 3.64% = **0.35%**
WACC = 5.17% + 0.35% = **5.52%**

Lastly, RTX has been assigned a terminal growth value of 2%. Firstly, this 2% value is roughly in line with long-term growth assumptions for the United States, and as a large company operating in a highly competitive industry, it will be difficult for RTX to outpace US and global growth assumptions in the long-term. Some may argue that the United States' massive defense budget ($850B requested in FY 2025)[28] and its historic role as the "world police" warrant a higher terminal growth value. This perspective neglects two key facts. **(1)**, U.S. Defense spending has not outpaced GDP growth. **(2)** In 2024, 38% of the total defense budget was allocated towards operation and maintenance. This is crucial as maintenance, repairs, and overhaul (MRO) represent both RTX's primary growth engines and, simultaneously, the company's growth bottleneck. In FY 2025, RTX's Pratt & Whitney segment (commercial and defense aircraft engines) experienced 17.3% topline growth, far exceeding any other segment, and was driven primarily by expanding MRO demand. Simultaneously, the segment's book-to-bill ratio jumped to 1.97x, while its backlog coverage ratio jumped to 4.04x, collectively indicating robust demand and potential for growth that is simply constrained by RTX's MRO capacity. Considering these factors, it's clear that, regardless of demand and broader trends in defense spending, RTX is bottlenecked by its physical capacity and access to skilled labor, factors that would prevent it from outpacing any long-term growth assumptions.

[28] https://www.brookings.edu/articles/whats-in-bidens-850-billion-defense-budget-proposal/#:~:text=President%20Joe%20Biden's%20fiscal%20year%20(FY)%202025,Administration's%20nuclear%20weapons%20activities%20are%20also%20included.

Historic Valuation: Outlined below is RTX's historic valuation across a range of different metrics and multiples. Included is a similar set of valuation metrics for RTX's peer, Lockheed Martin (LMT).

RTX Corp. (RTX)	2021	2022	2023	2024	2025	2026E	2027E
Year end stock price	$ 86.06	$ 100.92	$ 84.14	$ 115.22	$ 183.40	$ 190.00	$ 200.00
Net debt	$ 23,629	$ 25,099	$ 35,957	$ 33,331	$ 27,057	$ 20,000	$ 14,836
Market capitalization	$ 129,822	$ 149,957	$ 120,775	$ 154,810	$ 248,764	$ 257,716	$ 271,280
Enterprise value	$ 153,451	$ 175,056	$ 156,732	$ 188,141	$ 275,821	$ 277,716	$ 286,116
Total Invested Capital	$ 22,481	$ 21,484	$ 18,503	$ 19,841	$ 21,156	$ 22,307	$ 22,998
EBITDA	$ 9,693	$ 9,612	$ 10,672	$ 10,487	$ 13,678	$ 15,728	$ 16,538
EBITDA Margin	15.05%	14.33%	15.48%	12.99%	15.44%	16.32%	16.41%
EBITDA growth		-0.72%	1.15%	-2.50%	2.45%	0.88%	0.09%
ROIC	18.54%	21.80%	28.47%	25.85%	36.72%	43.08%	40.03%
EV/EBITDA (trailing)	**15.8x**	**18.2x**	**14.7x**	**17.9x**	**20.2x**	**17.7x**	**17.3x**
EV/invested capital	**6.8x**	**8.1x**	**8.5x**	**9.5x**	**13.0x**	**12.4x**	**12.4x**
Unlevered FCF yield		**4.12%**	**5.92%**	**3.53%**	**2.95%**	**3.88%**	**3.86%**
EBITDA conversion ratio	**44.97%**	**50.77%**	**51.24%**	**47.19%**	**58.05%**	**74.84%**	**59.53%**

Source: North Loop Capital Research

Lockheed Martin (LMT)	2021	2022	2023	2024	2025
Year end stock price	$ 355.41	$ 486.49	$ 453.24	$ 485.94	$ 483.67
Net debt	$ 8,846	$ 14,999	$ 18,161	$ 19,366	$ 20,041
Market capitalization	$ 98,449	$ 128,920	$ 113,763	$ 116,140	$ 113,179
Enterprise value	$ 107,295	$ 143,919	$ 131,924	$ 135,506	$ 133,220
Total Invested Capital	$ 17,463	$ 17,463	$ 18,281	$ 17,718	$ 17,376
EBITDA	$ 10,487	$ 9,752	$ 9,937	$ 8,572	$ 9,418
EBITDA Margin	15.64%	14.78%	14.71%	12.07%	12.55%
EBITDA growth		-0.86%	-0.07%	-2.64%	0.48%
ROIC	46.19%	42.74%	39.87%	33.31%	39.06%
EV/EBITDA (trailing)	**10.2x**	**14.8x**	**13.3x**	**15.8x**	**14.1x**
EV/invested capital	**6.1x**	**8.2x**	**7.2x**	**7.6x**	**7.7x**
Unlevered FCF yield	**5.62%**	**3.24%**	**4.72%**	**3.90%**	**4.83%**
EBITDA conversion ratio	**57.54%**	**47.81%**	**62.68%**	**61.68%**	**68.26%**

Source: North Loop Capital Research

The first notable aspect of RTX's historic valuation is the company's consistent EBITDA margin; not only does this indicate sustainable growth, but it also makes historical comparison much easier. Over the 6-year period shown, RTX posted an average EBITDA margin of 15.15%. Furthermore, the trailing EV/EBITDA indicates that RTX trades at a premium to its peer, Lockheed Martin (LMT). This premium becomes clear when we look at RTX's FCF yield. The company posts consistently strong FCF yields at the upper end of the typical 3-5% range. Ultimately, RTX's strong free cash flow, as shown by the company's FCF yield, helps to justify the company's premium EV/EBITDA multiple.

On an EV-to-invested-capital basis, RTX also appears somewhat expensive. Despite this premium valuation, the justification is clear. Over the modeled period, RTX displays strong ROIC growth; this consistent growth justifies the company's premium EV/invested capital valuation. As ROIC increases, the company will naturally become more expensive per dollar invested.

Lastly, while RTX's EBITDA conversion was initially suppressed by major commercial engine recalls through the Pratt & Whitney segment, EBITDA conversion has seen strong growth, providing further confidence in overall earnings quality. Growth in RTX's EBITDA conversion ratio has largely been driven by increased demand for aftermarket services across all business segments, particularly high-margin engine and aircraft MRO. As demand for these high-margin services has surged, EBITDA conversion has followed.

Comps Valuation: Compared to LMT, RTX trades at a relative premium. In FY 2025, RTX traded at 20.2x while LMT traded at 15.8x. Furthermore, this trend holds relatively stable across historical periods, indicating a strong fundamental case for this difference in valuation. The first metric that helps to justify RTX's premium valuation is FCF yield. While LMT historically maintains a slightly higher FCF yield (4.46% historically), vs RTX's 4.13%, the market still assigns RTX a premium multiple because of its growth prospects. Historically, RTX has maintained superior ROIC, as well as a higher historical EBITDA margin (15.15% vs LMT's 13.95%). Additionally, LMT's ROIC has compressed over the period, falling roughly 7% from 2021 to 2025. Taken together, RTX seemingly offers superior growth and profitability prospects. RTX's superior ROIC and overall ROIC trend also help to justify the company's premium in terms of EV/invested capital. Recall that as ROIC increases, the company will naturally become more expensive per dollar invested. Thus, because RTX maintains stronger ROIC returns and growth, its EV/invested capital premium can be reasonably expected. Lastly, despite RTX's higher multiple, LMT maintains a slightly higher average EBITDA conversion ratio (59.5% vs 50.4%). Ultimately, this small difference in EBITDA conversion does not appear to drive valuation, as opposed to previously discussed metrics like FCF yield and ROIC.

Multiples Valuation vs DCF: Attached below are the outputs from both valuation methods. Both methods yielded similar outputs, with the DCF indicating 17.1% upside while the multiples approach yielded upside of 12.1%. Ultimately, this is satisfactory as it indicates that the stock is modestly undervalued and has potential for meaningful growth. Additionally, the convergence of both valuation outputs strengthens conviction surrounding the stock's potential upside.

Multiples Outputs					
2027E EBITDA	$	16,538	Net debt	$	14,836
Target EBITDA multiple		19.00x	Market cap	$	299,379
Enterprise value	$	314,216	Discounted market cap	$	268,930
Current Price	**$**	**176.89**	**Projected Price**	**$**	**198.27**

Source: North Loop Capital Research

DCF Outputs	
Enterprise Value	$ 308,116
Net Debt	$ 27,057
Market Cap	$ 281,059
Shares Outstanding	1356.4
Estimated Price	**$ 207.21**
Current Price	**$ 176.89**

Source: North Loop Capital Research

Ultimately, the discrepancy between these two approaches is likely caused by the forward-looking nature of the DCF. The vast majority of a DCF's output is determined by the terminal value and FCF projections, making DCFs inherently forward-looking. Conversely, the 19x multiple assigned in the multiples approach is based purely on RTX's historical valuation and the historical valuation of LMT, making it more rooted in current perceptions of the business as opposed to forward-looking projections. Both approaches suggest solid upside in RTX, given the company's expanding ROIC, improving EBITDA margins, and FCF yield.

Risks

Intellectual Property: RTX maintains a wide catalogue of products with significant R&D spending committed to growing this catalogue and the firm's competitiveness. Failure to protect the company's intellectual property could lead to lost contracts and destroy the potential returns of significant R&D spending.

Supply Chain Risk: As a major manufacturer RTX is heavily reliant on a wide range of suppliers across the globe. Major interruptions to trade, the flow of goods, or geopolitical disruption all could impact the company's supply chain. While sourcing materials and components in the U.S. is a priority the company relies heavily on foreign suppliers for key commodities like nickel, chromium, titanium, etc. Current geopolitical disruptions and fluctuating tariff policies are already impacting the company's supply chain operations and could pose a larger threat moving forward.

Changes in U.S. Defense Spending: Currently the U.S. government is RTX's largest customer, thus any changes in U.S. defense spending will have a significant impact on the company's performance, liquidity, and returns. While the current administration has prioritized expanding defense spending, these policies could materially change with the next administration. As the U.S. deficit grows questions surrounding the size of the U.S. defense budget will likely only mount, presenting a significant risk for RTX.

Management

Christopher Calio – Chief Executive Officer: Mr. Calio has served as the chief executive officer of RTX since his appointment in May of 2024. Prior to his role as CEO, Mr. Calio served as RTX's chief operating

officer. Prior to Raytheon's 2020 acquisition of Pratt & Whitney and Collins Aerospace, he served as president of Pratt & Whitney, a position he held after joining United Technologies (the previous owner of Pratt & Whitney) in 2005. Mr. Calio holds both a Juris Doctor and an M.B.A. from the University of Connecticut, as well as a B.A. in political science from Trinity College.

Niell G. Mitchill, Jr. – Chief Financial Officer: Mr. Mitchill has served as the Chief Financial Officer of RTX since his appointment in April of 2021. Prior to his role as CFO, Mr. Mitchill served as RTX's Vice President of FP&A and Investor Relations. Prior to the 2020 merger, he served as the Chief Financial Officer at Pratt & Whitney. Mr. Mitchill holds a B.S. in accounting and economics from Providence College.

Juan Manuel de Bedout – Chief Technology Officer: Mr. Bedout has served as RTX's Chief Technology Officer since his appointment in January of 2024. Prior to this role, he served as a senior VP and VP of aerospace technology. Earlier in his career, Mr. Bedout served as a VP of Advanced Technologies at United Technologies. Prior to his time at United Technologies, he served as Chief Technology Officer at GE Grid Solutions in Paris.

Vincent M. Campisi – Chief Digital Officer: Mr. Campisi has served as RTX's Chief Digital Officer since his appointment to the role at United Technologies in 2016. Prior to this role, Mr. Campisi served as a Senior Vice President of Enterprise Services. Additionally, Mr. Campisi has previously served as Chief Operating Officer at GE Digital and is a member of the board at Girls Who Code. Mr. Campisi earned a B.S.B.A in Management Information Systems and Marketing from the State University of New York at Albany.

2020 Merger's Impact on Management Tenures: Note that long tenures are rare across RTX's senior leadership team. Ultimately, the lack of long-term tenures is not due to a lack of talent or a revolving door at the company, but instead a product of the Raytheon's 2020 acquisition of Pratt & Whitney and Collins Aerospace. While each of the C-suite executives shown above have had short tenures, none of which exceeded 5 years, each executive had extensive experience with their respective subsidiaries leading up to the 2020 merger. Despite short surface-level tenures, RTX has compiled a stable and extremely experienced, segment-specific management team. From the management letter and management's clear understanding of RTX's strategy, there is strong values alignment between management, the company, and shareholders.

Management as an Allocator of Capital: Overall, RTX's management team has historically served as a strong allocator of capital. Following the 2020 merger, the company's margins have improved materially, with RTX generating a roughly 8% operating margin in 2021 to a 10.5% operating margin in 2025. Additionally, the company's goodwill since the merger has remained exceptionally stable, falling by only $1,093 since 2021, indicating that the synergies and other intangibles that Raytheon expected to receive from the deal have largely materialized. Lastly, since 2021, RTX's ROIC has grown from 18.5% to 36.7% in 2025, indicating strong allocation of capital and tangible returns on these investments.

Disclosures:

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