



LOCKHEED MARTIN



NYSE: LMT

Lockheed Martin Corporation

Fundamental Analysis



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Introduction

GICS Sector: Industrials

Sub-Industry: Aerospace & Defence



CEO: Jim Taiclet

Tenure: 3.2 years

Lockheed Martin Corporation's management team has an average tenure of **3.2 years**. It is considered experienced.

Source of revenue:

- Lockheed Martin Corporation is a global security and aerospace company that engages in the research, design, development, manufacture, integration, and sustainment of advanced technology systems, products, and services
- The company also provides a broad range of management, engineering, technical, scientific, logistics, system integration and cybersecurity services
- It primarily serves the U.S. government and foreign military sales contracted through the U.S. government
- It has four reportable segments: Aeronautics, Missiles and Fire Control, Rotary and Mission Systems, and Space. The company organises the business segments based on the nature of the products and services offered
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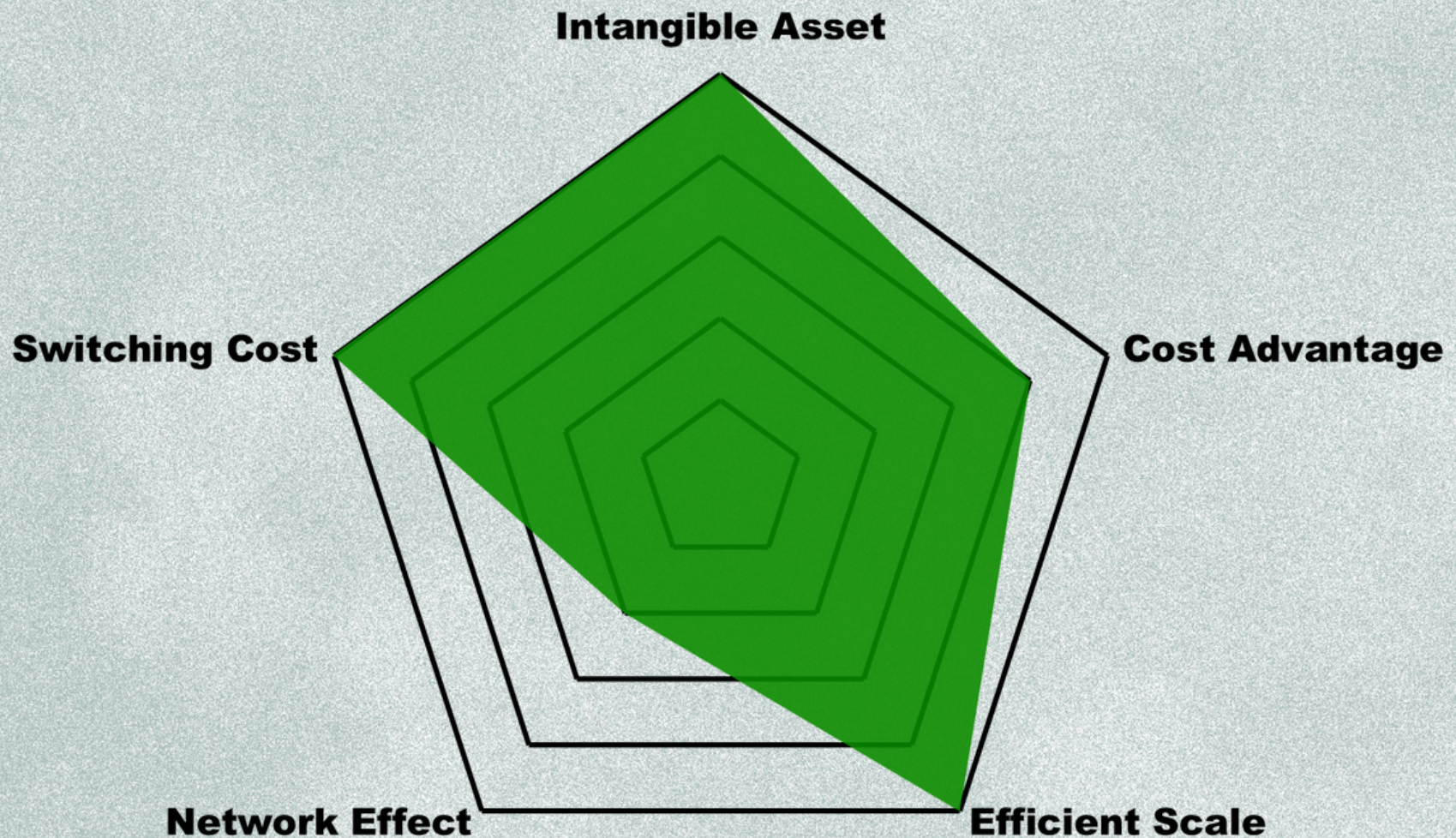
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Economic Moat



Economic moat: **Wide**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





Performance

Yes

Inconsistent

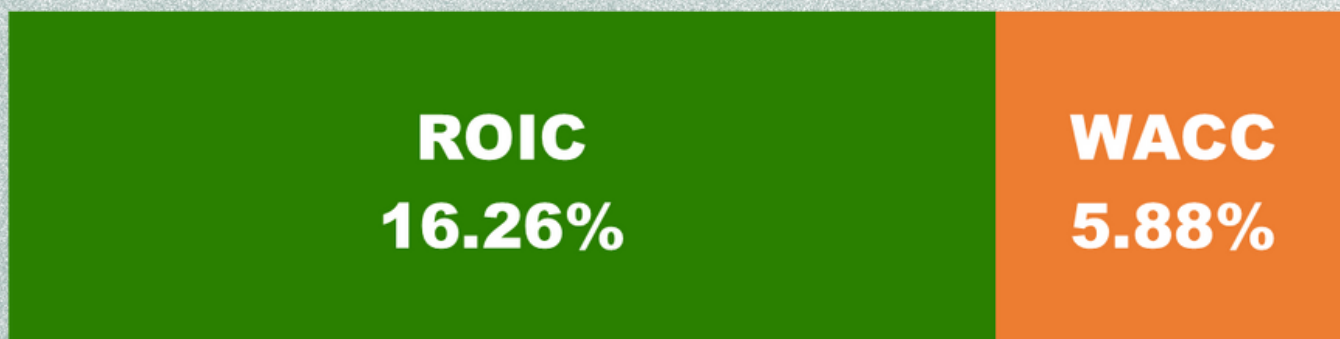
No

ROE is consistently at 12%-15%
YoY for the past 5 years?



Whilst Lockheed Martin Corporation's ROE of 68% is outstanding, this metric could be skewed due to their high level of debt.

ROIC is consistently at 12%-15%
YoY for the past 5 years?



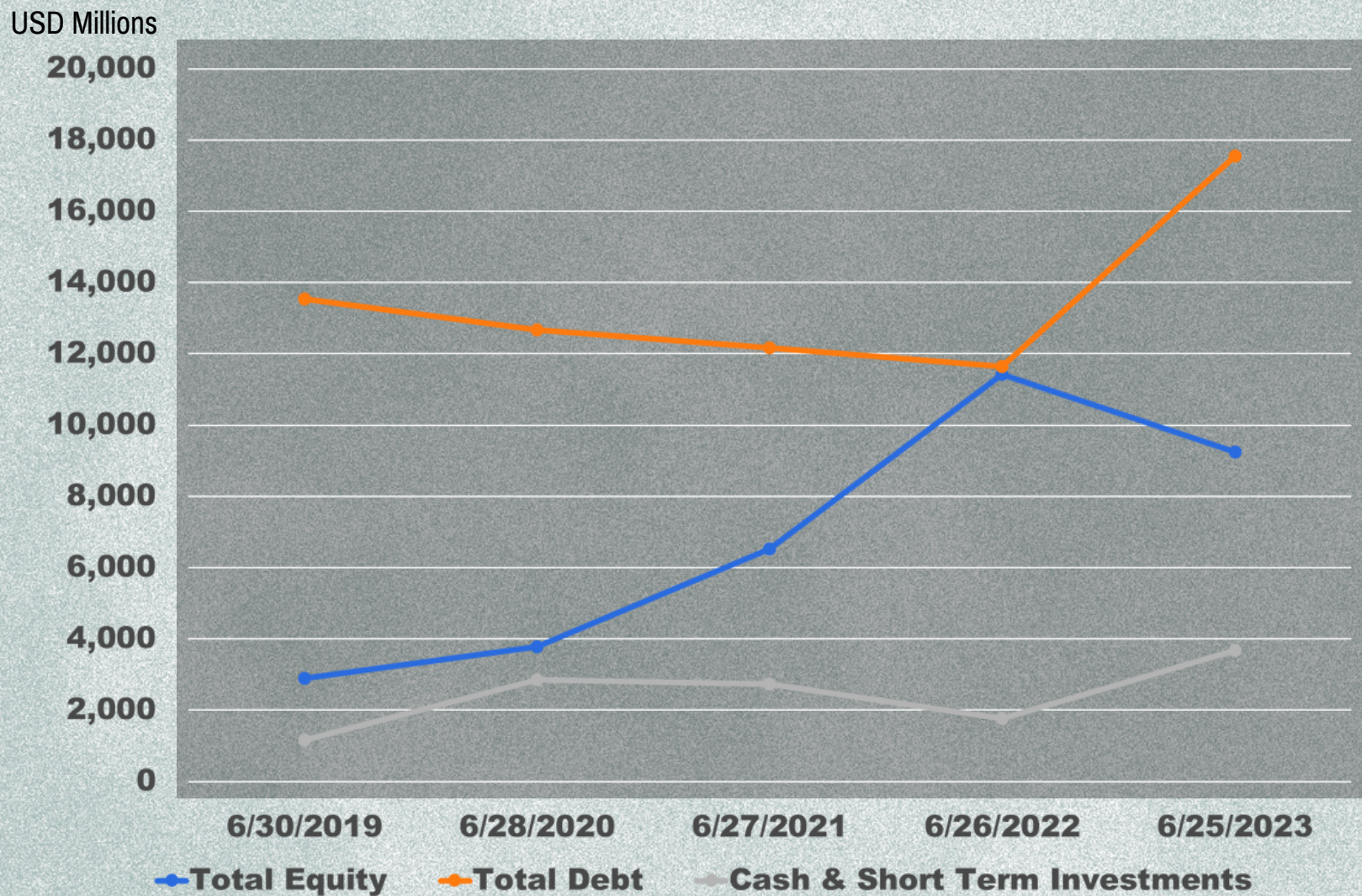
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Financial Health



Current Ratio: 1.36



Debt-to-EBITDA: 1.68



Interest Coverage: 11.22



Debt Servicing Ratio: 7.8%



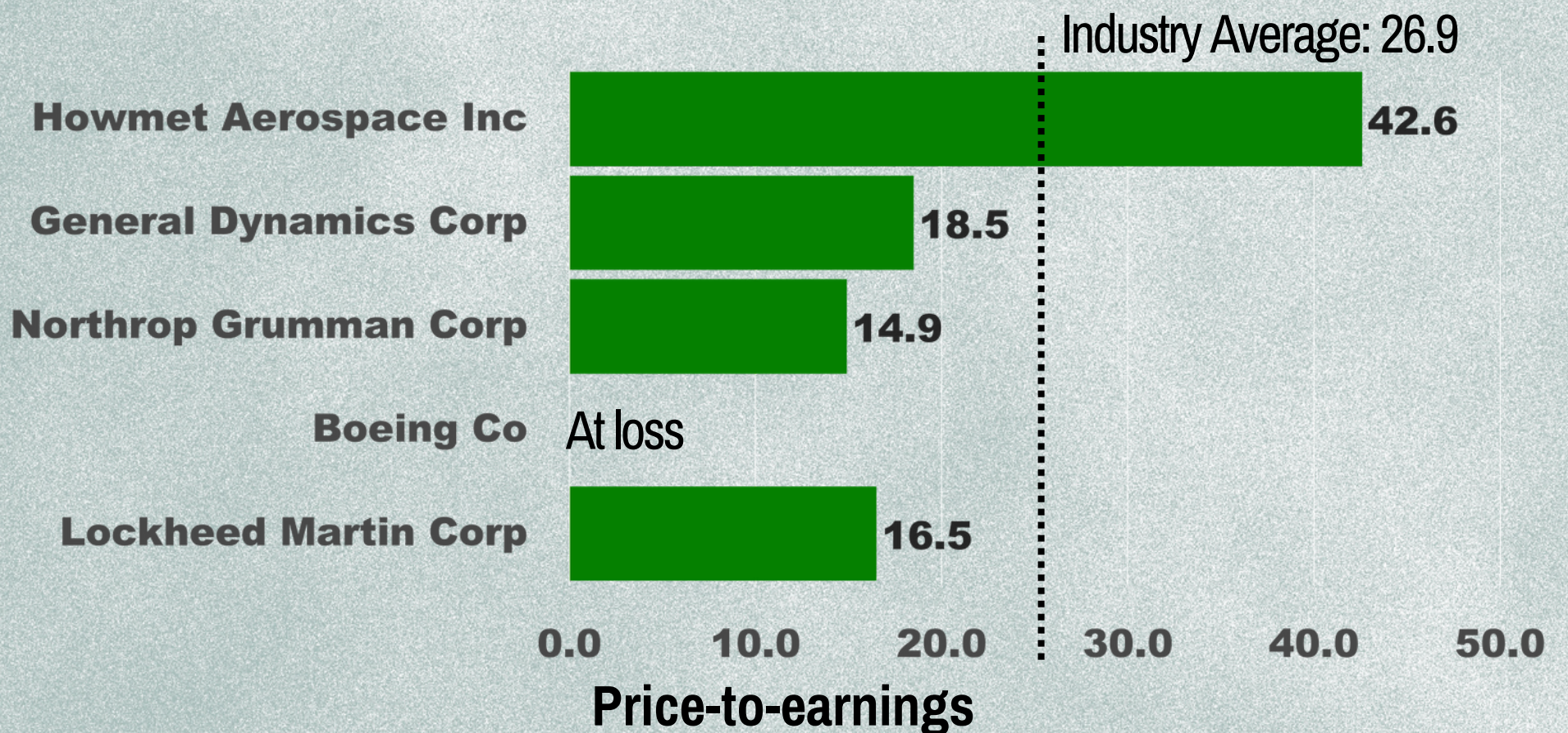
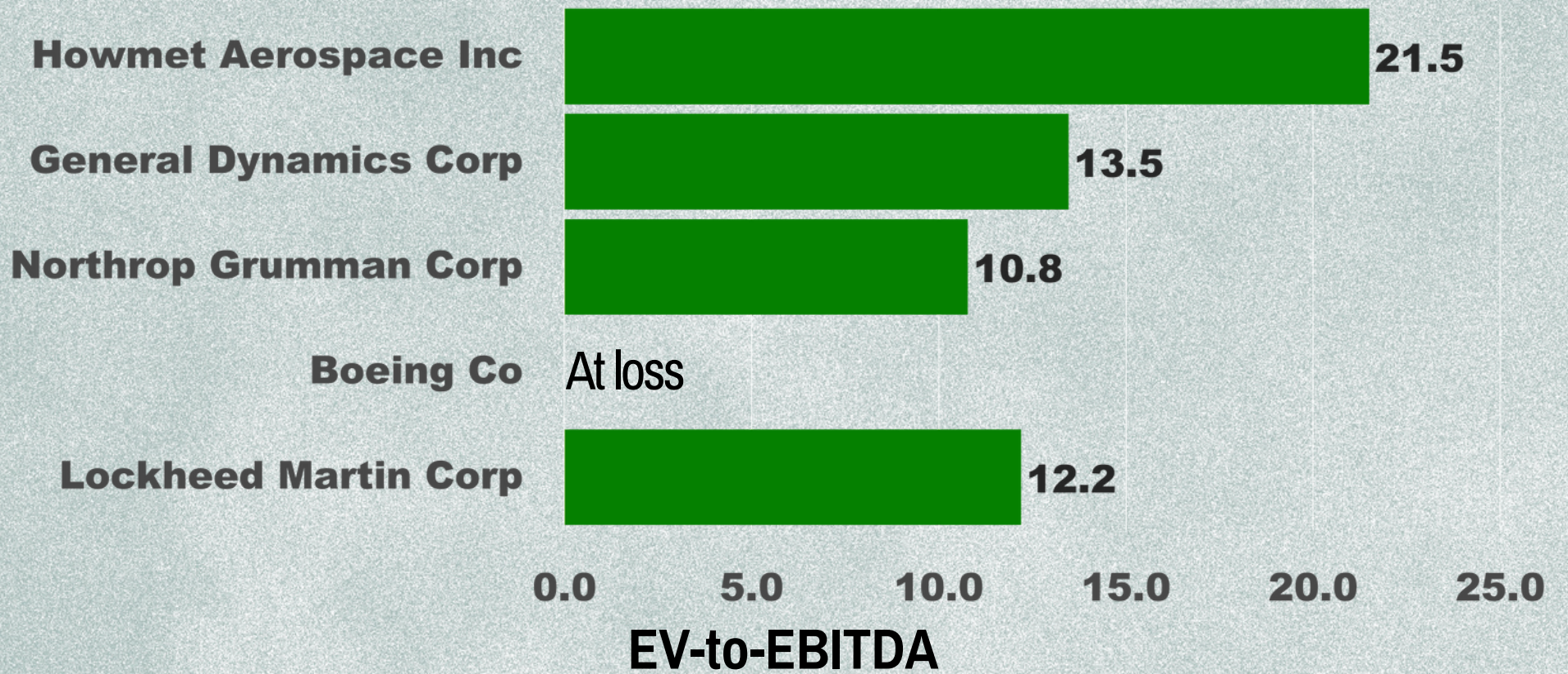
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Relative Valuation





Intrinsic Valuation

Estimated intrinsic value: **\$488.54**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$6300M

Projected growth rate: 7% - 9%

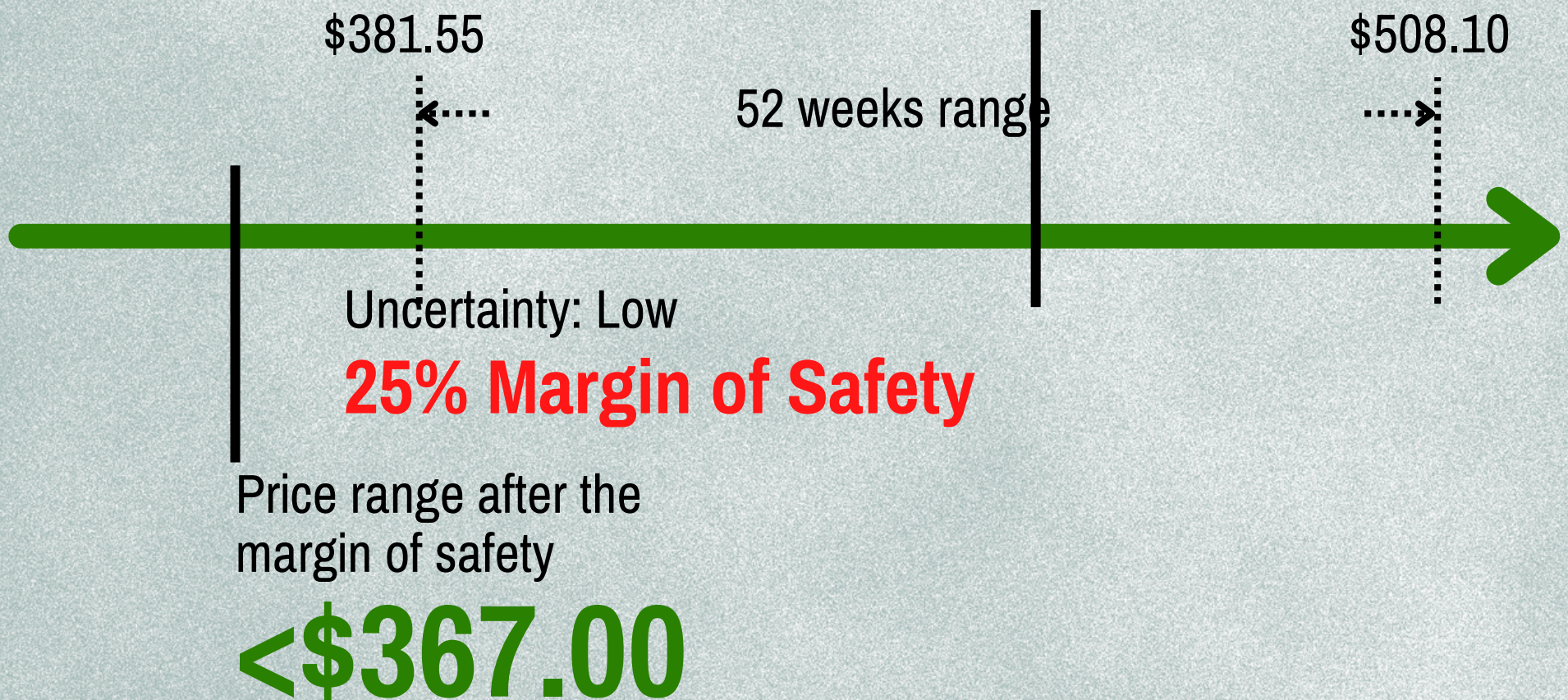
Beta: 0.7

Discount rate: 6.5%

Date of calculation: 8 Aug 2023

Estimated intrinsic value of Lockheed Martin Corporation

\$488.54



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