Lockheed Martin

NYSE: LMT · INDUSTRIALS · AEROSPACE AND DEFENSE

Equity Research Report

Keegan McHale
Analyst, Defense and Aerospace

Kai Xu
Portfolio Manager, Defense and Aerospace

Alfred Kattan
Co-Founder and Head of Research

Ishaan Patel
Co-Founder and Managing Partner, Head of Quantitative Investment Strategies

CONTENTS

Investment Summary	1	Results Since Entry	2	Events Since Entry	2	Business Update	2
Industry Update	3	Valuation	3	Financial Analysis	10	Investment Risks	10
Environmental, Social, and Gov...	11	Position Management	11	Sources	11		

Interceptor production incumbency was confirmed before entry (the June THAAD and July PAC-3 MSE awards) and the second quarter carried a record $230 billion backlog; the stock is flat because the appropriations conference has not happened, and the time stop governs. The third-quarter report of October 22 is after this report.

BUY · Target price $615 (+11.5% from $551.51 on October 21, 2026) · Stop $477

Investment summary

We hold a long position in Lockheed Martin entered at $561.23 on August 31, 2026 at IC-16. The position has returned (1.7%) to the October 21, 2026 mark of $551.51. The model values the company at $615; the memo target of $680.00 stands as the committee approved it; the stock has traded between $509 and $561 at month-ends since entry. No company report has fallen in the holding period: the third-quarter results are due on October 22, after this report's cut-off, and the last reported quarter is the second quarter of July 23, which carried a record backlog of $230.4 billion and raised 2026 guidance. The firm's model (PA-LMT-Model, October 22, 2026) values Lockheed Martin at $615, +11.5% above the mark.

Rating: BUY. The thesis rests on incumbency in interceptor production and on a funded backlog that covers 2027 deliveries regardless of the appropriations outcome. Both legs were in place before entry: the April 24 space-based interceptor prototype awards (up to $3.2 billion across twelve firms, Lockheed among them) and the June 24 THAAD production contract of up to $35 billion went to Lockheed, and the second-quarter backlog rose $44 billion in one quarter. What the stock has not done is re-rate, because the fiscal 2027 appropriations conference has not happened: the government entered fiscal 2027 on October 1 under a continuing resolution that runs to December 11, 2026, and the defense group fell 9% in September and a further 0.6% in October to the 21st.

Highlights

What the committee will weigh. First, the continuing resolution. A CR freezes new starts; the funded backlog covers 2027 deliveries, so the thesis survives a CR but the re-rating waits for the conference. Second, the time stop at January 20, 2027, 90 days past the October 22 report, is the discipline the vertical adopted on D-08; if the conference has not occurred by then the position closes near flat and the committee should decide now whether that is the outcome it wants. Third, the third-quarter report on October 22 is the next company catalyst and this report does not anticipate it.

BUY
Long · IC-16, August 31, 2026

Target price	$615.00
Current price	$551.51
Upside to target	**+11.5%**
Stop-loss	$477.05
Position size	4.4% of NAV at the mark (vertical 7.7%)

Exhibit 1: Company data

Last close	$551.51
Market cap	~$129 billion
Shares outstanding	~234 million
52-week range	$456 to $658
Dividend yield	2.5%
Position	4.4% of NAV at the mark
Thesis status	Intact

Source: Company filings, market data as of October 21, 2026

Exhibit 2: Valuation results

DCF (Gordon growth; WACC 8.1%, g 3.0%)	$644.02
Comps (50% EV / NTM EBITDA, 50% NTM P/E at peer medians)	$581.36
Target price (blended value rounded to nearest $5)	
Implied return	**+11.5%**

Source: Point Alpha Capital Research

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Results Since Entry

Status of the submitted forecast

Exhibit 3: Status of the submitted forecast

	Submitted model (IC-16)	Status at October 21, 2026
Third-quarter revenue	$19.6 billion	Reported October 22, after the cut-off
Segment operating margin	11.1%	Reported October 22
Backlog	Above $190 billion	$230.4 billion at June 30 (last reported)
2026 EPS guidance	$29.95 to $30.65 (company, July 23)	Unchanged
Interceptor production incumbency	Confirmed	THAAD production contract up to $35 billion (June 24, Missile Defense Agency); Space Force SBI prototype award (April 24)

Source: Lockheed Martin second-quarter 2026 results, July 23, 2026; Department of Defense contract announcements; Point Alpha Capital submission, IC-16

Catalyst checkpoints

Exhibit 4: Catalyst checkpoints

Checkpoint	Submitted expectation	Outcome
Interceptor production incumbency	Lockheed holds the production lines	Met before entry: June 24 THAAD production contract (not a Golden Dome award); April 24 SBI prototypes (Space Force)
Third-quarter results, October 22	Backlog above $190 billion; margin above 11%	Pending (after this report's cut-off)
Appropriations conference, November	Final fiscal 2027 lines	Pending; CR runs to December 11, 2026

Source: Company data, Point Alpha Capital Research

Review triggers

Exhibit 5: Review triggers

Trigger	Threshold	Status at October 21
Backlog	Below $180 billion	$230.4 billion at June 30; not tripped
Book-to-bill, two quarters	Below 1.0	About 2.0 for the first half of 2026 (backlog up $36.8 billion on $38.1 billion of sales); not tripped
Segment margin	Below 10.5%, two quarters	10.1% in Q1, 10.8% in Q2; one quarter below, not tripped
Appropriations conference	Procurement below FY2026 enacted	Pending
Time stop	January 20, 2027	91 days remaining

Source: Company data, Point Alpha Capital Research

Events Since Entry

Exhibit 6: Events Since Entry

Date	Event	Read-through
August 31, 2026	Entry at $561.23	Second Lockheed position (D-04 closed March 31, 2026)
September 30, 2026	Stock closes at $509.25; defense group (ITA) down 9% in September	Group move on the appropriations stall; no company cause
October 1, 2026	Fiscal 2027 begins under a continuing resolution running to December 11, 2026	New starts frozen; funded backlog unaffected
October 21, 2026	Stock closes at $551.51; ITA down 0.6% in October to date	1.7% below entry
October 22, 2026	Third-quarter results scheduled	After this report's cut-off

Source: Company data, Point Alpha Capital Research

Business Update

Second quarter 2026, the last reported quarter

Revenue was $20.1 billion, up 11%; segment operating margin 10.8%; diluted EPS $7.94; free cash flow $2.9 billion; backlog a record $230.4 billion, up from $186.4 billion at the end of the first quarter. First-half revenue grew 5.4% to $38.1 billion and the first-half book-to-bill was about 2.0. Management raised 2026 guidance to sales of $79.75 to $81.75 billion, EPS of $29.95 to $30.65 and free cash flow of $7.0 to $7.2 billion.

Golden Dome and interceptors

The documented 2026 interceptor awards are the Space Force's April 24 space-based interceptor prototype awards (up to $3.2 billion across twelve firms including Lockheed Martin, SpaceX, Anduril and General Dynamics), and the Missile Defense Agency's June 24 THAAD production contract of up to $35 billion to Lockheed Martin, which is not a Golden Dome award. On August 11 the Golden Dome lead said fiscal 2027 funding had no settled pathway; the programme's near-term money depends on the appropriations conference and the reconciliation funds enacted in 2025.

The 2025 charges

The $1.6 billion of charges that depressed 2025 results were booked in the second quarter of 2025: $950 million on the classified Aeronautics programme and $665 million on the CMHP and TUHP helicopter programmes in Rotary and Mission Systems. 2025 results were sales of $75.0 billion, segment operating profit of $6.7 billion (9.0%), diluted EPS of $21.49, free cash flow of $6.9 billion and a year-end backlog of $193.6 billion.

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Industry Update

The fiscal 2027 appropriations conference did not convene before September 30 and the government entered fiscal 2027 under a continuing resolution that funds it through December 11, 2026; the House Appropriations Committee had approved its defense bill on June 24 and the Senate committee had reported none. The defense group (ITA) fell 9% in September and 0.6% in October to the 21st. The fiscal 2027 request, released April 3, carried $257.6 billion of discretionary procurement ($413.1 billion with mandatory funds) against $223.8 billion in fiscal 2026 including reconciliation.

Competitive positioning

Exhibit 7: Competitive positioning

Company	Ticker	P/E (NTM)	EV/EBITDA (NTM)	Revenue growth	Return since August 31
RTX	**RTX**	21x	15x	9%	(7.8%)
Northrop Grumman	**NOC**	19x	13x	4%	(0.1%)
General Dynamics	**GD**	18x	12x	7%	(7.2%)
L3Harris	**LHX**	16x	11x	5%	(7.0%)
Lockheed Martin	**LMT**	18x	12x	6%	(1.7%)
Median excluding LMT		18.5x	12.5x	6%	

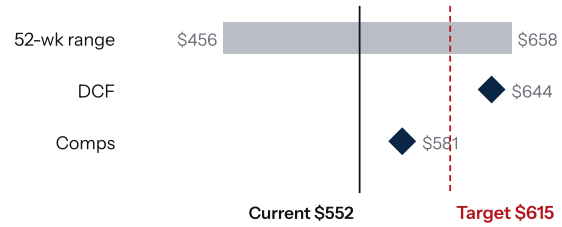
Source: Point Alpha Capital estimates; Nasdaq historical closing prices for RTX and LMT

Valuation

The model

The firm's LMT model (PA-LMT-Model, model date October 22, 2026, prices at the October 21, 2026 close) discounts ten years of unlevered free cash flow at a 8.11% weighted average cost of capital and applies 3.00% terminal growth to a normalized terminal year; the terminal value is 62.3% of enterprise value. It produces a DCF value of $644.02 per share and a comparable companies value of $581.36; the two are weighted equally to $612.69 and the target is rounded to $615, +11.5% above the mark of $551.51. The memo approved on August 31 valued Lockheed Martin at $680; that valuation stands as the committee approved it and is not restated here.

Exhibit 8: Implied value by method versus current and target price



Source: Point Alpha Capital Research. DCF and comps are point estimates; the 52-week range is the market bar.

Valuation summary

Exhibit 9: Valuation summary

Method	Value per share ($)	Weight	Contribution ($)	Upside vs mark
DCF (Gordon growth; WACC 8.1%, g 3.0%)	$644.02	50%	$322.01	16.8%
Comps (50% EV / NTM EBITDA, 50% NTM P/E at peer medians)	$581.36	50%	$290.68	5.4%
Blended value	$612.69	100%	$612.69	11.1%
Target price (blended value rounded to nearest $5)			**$615.00**	**11.5%**

Source: Point Alpha Capital estimates; PA-LMT-Model

WACC build

Exhibit 10: WACC build

Item	Value	Basis
Item	Value	Formula / basis

Source: Point Alpha Capital estimates; PA-LMT-Model

Cost of equity inputs.

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Exhibit 11: Valuation

Item	Value	Basis
Risk-free rate	5.13%	U.S. 10-year Treasury par yield, Oct. 21, 2026 (Treasury.gov); Point Alpha standard input
Equity risk premium	3.70%	Damodaran implied ERP over the 10-year Treasury, start of Oct. 2026; Point Alpha standard input, not substituted

Source: Point Alpha Capital estimates; PA-LMT-Model

Regression beta (shown for reference; not used, see test below).

Exhibit 12: Valuation

Item	Value	Basis
Raw beta, 5-year monthly OLS vs S&P 500 (Oct. 2021 to Sep. 2026)	0.0878	Beta Data tab: SLOPE of 60 monthly LMT returns on S&P 500 returns (Yahoo Finance month-end closes)
R-squared	0.0025	Beta Data tab: RSQ
Standard error of raw beta	0.232	Beta Data tab
Blume weight on raw beta	0.67	Point Alpha standard: adjusted beta = 0.67 x raw beta + 0.33 x 1.0
Blume weight on market beta of 1.0	0.33	Point Alpha standard
Adjusted (Blume) beta	0.3888	Formula: 0.67 x raw beta + 0.33 x 1.0
Minimum R-squared for a meaningful regression	0.10	Point Alpha standard: below 0.10 the regression is not meaningful
Regression meaningful?	No	R-squared of 0.0025 is far below 0.10: LMT returns are driven by defense budgets and program news, not the market factor

Source: Point Alpha Capital estimates; PA-LMT-Model

Bottom-up beta (used in WACC).

Exhibit 13: Defense group (ITA) and LMT since August 31 (percent)



Source: Nasdaq historical closing prices

Exhibit 14: 2026 guidance, raised July 23

Sales	$79.75B to $81.75B
Diluted EPS	$29.95 to $30.65
Free cash flow	$7.0B to $7.2B
First-half book-to-bill	About 2.0
First-half revenue growth	**5.4%**

Source: Second-quarter 2026 results and call

Exhibit 15: LMT month-end close since entry (US$)



Source: Nasdaq historical closing prices

Exhibit 16: Documented 2026 interceptor awards (THAAD is a Missile Defense Agency production contract; SBI prototypes are Space Force awards)

April 24	Space-based interceptor prototypes, up to $3.2B, twelve firms including LMT
June 24	THAAD interceptor contract, up to $35B, LMT
August 11	Programme lead: no settled FY27 funding pathway
October 1	**FY27 begins under a CR to December 11**

Source: Department of Defense; Bloomberg Law; Breaking Defense; SpacePolicyOnline

Exhibit 17: Discount rate build

Risk-free rate	5.13%
Equity risk premium	3.70%

Source: U.S. Treasury, Damodaran, Point Alpha Capital Research

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Exhibit 18: Valuation

Item	Value	Basis
Damodaran Aerospace/Defense unlevered beta, corrected for cash	0.87	Damodaran, Betas by Sector (US), Jan. 2026, pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/Betas.html (Point Alpha research data pack)
Market capitalization (mark price x diluted shares)	127.5	Oct. 21, 2026 close x Q2 2026 diluted shares
Total debt, Jun. 28, 2026	20.5	Book value of borrowings (latest balance sheet before model date)
Debt / equity (market)	16.11%	Formula
Tax rate for relevering	21.00%	21% U.S. federal statutory rate (Point Alpha valuation policy)
Levered bottom-up beta	0.9808	Formula: unlevered beta x (1 + (1 - t) x D/E); no Blume adjustment applied to a bottom-up beta
Beta used in WACC	0.9808	Bottom-up beta because regression R-squared is below 0.10
Cost of equity (CAPM)	8.76%	Formula: risk-free rate + beta x equity risk premium

Source: Point Alpha Capital estimates; PA-LMT-Model

Cost of debt (interest expense / average debt; last four reported quarters before Oct. 21, 2026).

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Exhibit 19: Valuation

Item			
LTM interest expense, Q3 2025 to Q2 2026 ($ millions)	1,111		Sum of quarterly interest below
Average total debt, five quarter-ends ($ millions)	21,352.4		Average of Jun. 2025 to Jun. 2026 quarter-end debt below
Method			Interest expense / average debt (not a weighted note yield); data pack cross-check 5.20%
Pre-tax cost of debt	5.20%		Formula
After-tax cost of debt	4.11%		Formula: pre-tax cost x (1 - 21% statutory)
Quarter (period end)	Interest expense ($m)	Total debt ($m)	Source
Q2 2025 (Jun. 29, 2025), opening balance	n/a	21,638	SEC EDGAR, Q2 2025 release: 3,118 current incl. commercial paper + 18,520 long-term, https://www.sec.gov/Archives/edgar/data/936468/000162828025035502/ex991q22025.htm
Q3 2025 (Sep. 28, 2025)	286	22,189	SEC EDGAR, Q3 2025 release: 1,669 + 20,520, https://www.sec.gov/Archives/edgar/data/936468/000162828025045582/ex991q32025.htm
Q4 2025 (Dec. 31, 2025)	290	21,700	SEC EDGAR, Q4 2025 release: interest = FY2025 1,118 less nine months 828; debt 1,168 + 20,532, https://www.sec.gov/Archives/edgar/data/936468/000162828026003970/ex991q42025.htm
Q1 2026 (Mar. 29, 2026)	269	20,697	Lockheed Martin news release, Q1 2026 results: 168 + 20,529, https://news.lockheedmartin.com/2026-04-23-Lockheed-Martin-Reports-First-Quarter-2026-Financial-Results
Q2 2026 (Jun. 28, 2026)	266	20,538	SEC EDGAR, Q2 2026 release: 0 + 20,538, https://www.sec.gov/Archives/edgar/data/0000936468/000162828026049277/ex991q22026.htm

Source: Point Alpha Capital estimates; PA-LMT-Model

Weights at market value and WACC.

Exhibit 20: Valuation

Item	Value	Basis
Equity (market capitalization)	127.5	Formula
Debt	20.5	Book debt used as market value proxy
Total capital	148.0	Formula
Equity weight	86.12%	Formula
Debt weight	13.88%	Formula

Source: Point Alpha Capital estimates; PA-LMT-Model

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Discounted cash flow

Exhibit 21: Discounted cash flow

Item										
$ billions	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E

Source: Point Alpha Capital estimates; PA-LMT-Model

Unlevered free cash flow.

Exhibit 22: Valuation

Item										
Sales	80.7	85.9	89.4	92.8	96.2	99.6	103.0	106.3	109.7	113.0
EBIT (operating profit)	9.6	10.4	10.8	11.2	11.6	12.0	12.4	12.7	13.1	13.5
Effective tax rate	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
NOPAT = EBIT x (1 - tax rate)	8.1	8.7	9.1	9.4	9.8	10.1	10.4	10.7	11.0	11.3
Plus: depreciation and amortization	1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.2
Less: capital expenditures	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)	(2.6)
Less: increase in operating net working capital	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unlevered free cash flow	7.5	8.3	8.8	9.1	9.5	9.8	10.1	10.4	10.6	10.9
UFCF margin	9.3%	9.7%	9.8%	9.9%	9.9%	9.9%	9.8%	9.8%	9.7%	9.7%

Source: Point Alpha Capital estimates; PA-LMT-Model

Discounting.

Exhibit 23: Valuation

Item										
Fraction of year after valuation date	0.192	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Discount period (mid-period, years)	0.096	0.692	1.692	2.692	3.692	4.692	5.692	6.692	7.692	8.692
Discount factor at WACC	0.9925	0.9475	0.8764	0.8106	0.7498	0.6935	0.6414	0.5933	0.5488	0.5076
Present value of UFCF	1.4	7.9	7.7	7.4	7.1	6.8	6.5	6.2	5.8	5.5

Source: Point Alpha Capital estimates; PA-LMT-Model

Discount rate and terminal value (Gordon growth on a normalized final year).

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Exhibit 24: Valuation

Item	Value	Basis
Terminal growth rate (g)	3.00%	Assumptions
FY2035E NOPAT	11.3	Final forecast year
Terminal ROIC	42.0%	FY2035E ROIC (Projections row 96)
Normalized net reinvestment = NOPAT x g / ROIC	0.8	Formula visible: net reinvestment (capex - D&A + change in NWC) set to NOPAT x g / ROIC
Normalized final-year UFCF = NOPAT - net reinvestment	10.5	Replaces FY2035E UFCF for the terminal value
Terminal value at end of FY2035 = UFCF x (1 + g) / (WACC - g)	211.4	Gordon growth
Discount period to end of FY2035 (years)	9.192	End of final year
Present value of terminal value	103.2	

Source: Point Alpha Capital estimates; PA-LMT-Model

Enterprise value to equity value bridge.

Exhibit 25: Valuation

Item	Value	Basis
Sum of PV of UFCF (FY2026E stub to FY2035E)	62.4	
PV of terminal value	103.2	
Enterprise value	165.6	
Terminal value as % of enterprise value	62.3%	
Less: total debt (Jun. 28, 2026)	(20.5)	Latest balance sheet before the model date
Plus: cash and cash equivalents (Jun. 28, 2026)	3.8	
Less: minority interest	0.0	None reported
Less: preferred stock	0.0	None outstanding
Equity value	148.8	
Diluted shares (millions)	231.1	Q2 2026 diluted weighted average
DCF value per share ($)	644.02	
Mark price, Oct. 21, 2026 close ($)	551.51	
Upside / (downside) to mark	16.8%	

Source: Point Alpha Capital estimates; PA-LMT-Model

Sensitivity

Grid 1: DCF value per share ($), WACC (rows) vs terminal growth rate (columns).

Exhibit 26: Sensitivity

Item						
WACC \ g	2.00%	2.50%	3.00%	3.50%	4.00%	0.00
7.11%	702.55	751.88	813.13	891.24	994.34	
7.61%	634.07	672.59	719.40	777.51	851.63	
8.11%	576.85	607.47	644.02	688.43	743.57	
8.61%	528.33	553.03	582.08	616.76	658.89	
9.11%	486.68	506.85	530.28	557.84	590.74	

Source: Point Alpha Capital estimates; PA-LMT-Model

Grid 2: DCF value per share ($), segment operating margin shift (rows) vs backlog conversion shift (columns).

Exhibit 27: Valuation

Item						
Margin shift \ conversion shift	-2.0%	-1.0%	0.0%	1.0%	2.0%	0.00
-1.00%	548.83	565.97	583.34	600.93	618.76	
-0.50%	577.42	595.43	613.68	632.16	650.89	
0.00%	606.02	624.89	644.02	663.39	683.02	
0.50%	634.61	654.35	674.36	694.62	715.15	
1.00%	663.20	683.81	704.70	725.85	747.28	

Source: Point Alpha Capital estimates; PA-LMT-Model

Margin shift applies to all four segment operating margins in every forecast year; conversion shift applies to all four segments' sales / opening backlog in FY2026E to FY2030E, with the backlog, the FY2031E to FY2035E growth fade, working capital, D&A, capex and the normalized terminal value all recomputed in the scenario engine below. Terminal ROIC held at base.

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Exhibit 28: Valuation

Item	Value
Implied FY2026E to FY2030E average business segment margin at base:	10.9%
Implied FY2026E total backlog conversion at base:	41.7%

Source: Point Alpha Capital estimates; PA-LMT-Model

Comparable companies

Exhibit 29: Comparable companies

Company	Ticker	Price (local)	Market cap (US$ bn)	EV (US$ bn)	EV / NTM EBITDA	NTM P/E	EV / NTM sales	Sales growth FY2027E	LTM gross margin	LTM operating margin
RTX Corporation	RTX	191.60	262.1	290.3	16.4x	24.7x	2.8x	7.5%	21.1%	11.8%
Northrop Grumman	NOC	539.31	76.8	88.3	13.4x	17.9x	1.9x	6.6%	20.0%	13.3%
General Dynamics	GD	344.71	94.3	97.5	13.4x	18.8x	1.7x	4.8%	15.4%	10.4%
L3Harris Technologies	LHX	247.55	46.4	55.8	12.2x	18.7x	2.2x	7.4%	25.5%	12.9%
Boeing	BA	192.28	152.0	177.9	23.8x	67.8x	1.6x	14.8%	4.7%	-5.5%
Huntington Ingalls	HII	273.95	10.8	13.5	11.2x	13.3x	1.0x	6.4%	12.4%	6.4%
Textron	TXT	77.28	13.5	15.6	8.0x	10.9x	1.0x	4.1%	17.6%	8.4%
BAE Systems	BA. (LSE)	1,933.00	78.2	82.4	12.0x	20.6x	1.7x	9.1%	13.3%	9.9%
Rheinmetall	RHM (Xetra)	1,020.00	53.5	56.5	12.1x	20.4x	2.9x	32.8%	52.2%	16.9%
Median			**76.8**	**82.4**	**12.2x**	**18.8x**	**1.7x**	**7.4%**	**17.6%**	**10.4%**
Mean			**87.5**	**97.5**	**13.6x**	**23.7x**	**1.9x**	**10.4%**	**20.2%**	**9.4%**
25th percentile			46.4	55.8	12.0x	17.9x	1.6x	6.4%	13.3%	8.4%
75th percentile			94.3	97.5	13.4x	20.6x	2.2x	9.1%	21.1%	12.9%
Lockheed Martin at mark (reference, not in statistics)	LMT	551.51	127.5	144.2	12.1x	17.1x	1.7x	5.7%	11.8%	10.9%

Source: Point Alpha Capital estimates; PA-LMT-Model

BA NTM P/E reflects a loss in FY2026E consensus; medians are robust to it. Rheinmetall uses shares outstanding (diluted n/d); BAE shares derived from profit / diluted EPS (Comps Data).

Implied LMT value per share (EV-to-equity bridge).

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Exhibit 30: Valuation

$ billions unless stated	Peer median	25th percentile	75th percentile
LMT NTM EBITDA (MarketScreener consensus)	11.9	11.9	11.9
Peer EV / NTM EBITDA	12.2x	12.0x	13.4x
Implied enterprise value	145.0	142.8	159.4
Less: total debt (Jun. 28, 2026)	(20.5)	(20.5)	(20.5)
Plus: cash and cash equivalents (Jun. 28, 2026)	3.8	3.8	3.8
Less: minority interest and preferred	0.0	0.0	0.0
Implied equity value	128.3	126.0	142.6
Diluted shares (millions)	231.1	231.1	231.1
Value per share: EV / NTM EBITDA ($)	555.13	545.41	617.07
LMT NTM adjusted EPS (StockAnalysis consensus, $)	32.29	32.29	32.29
Peer NTM P/E	18.8x	17.9x	20.6x
Value per share: NTM P/E ($)	607.59	578.54	666.21
Weight: EV / NTM EBITDA	50%	50%	50%
Weight: NTM P/E	50%	50%	50%
Comps value per share ($)	581.36	561.97	641.64
Upside / (downside) to Oct. 21, 2026 close	5.4%	1.9%	16.3%

Source: Point Alpha Capital estimates; PA-LMT-Model

Financial Analysis

Quarterly results, 2026

All figures in $ billions except percentages.

Exhibit 31: Quarterly results, 2026

	Q1 2026	Q2 2026
Revenue	18.0	20.1
Growth	About 0%	11%
Segment operating margin	10.1%	10.8%
Backlog	186.4	230.4
Diluted EPS	$6.44	$7.94
Free cash flow	(0.3)	2.9

Source: Lockheed Martin first- and second-quarter 2026 results

Forecast, unchanged since submission

Exhibit 32: Forecast, unchanged since submission

	2026E	2027E	2028E
Revenue	80.8	82.6	87.8
Growth	8%	2%	6%
Segment operating margin	11.0%	11.2%	11.8%
Diluted EPS	$30.30	$31.60	$33.90
Free cash flow	7.1	7.3	7.8

Source: Point Alpha Capital estimates; 2026 revenue, EPS and free cash flow at the midpoints of the July 23 guidance. The stock at $551.51 is 18.2 times 2026 and 17.5 times 2027 earnings

Key metrics to monitor

Exhibit 33: Key metrics to monitor

Metric	At submission	Now	Review if
Backlog	$230.4 billion (June 30)	$230.4 billion (no report since)	Below $180 billion
Book-to-bill, first half 2026	About 2.0	About 2.0	Below 1.0 for two quarters
Segment operating margin	10.8% (Q2)	10.8%	Below 10.5% for two quarters
F-35 margin	10.5% (first half)	Not reported since	Below 9%
2026 EPS guidance	$29.95 to $30.65	Unchanged	Lowered
Appropriations conference	Pending	Pending; CR to December 11	Below FY2026 enacted

Source: Company data, Point Alpha Capital Research

Investment Risks

Two risks moved; the numbering is this report's.

R1 A new programme charge HIGH

Unchanged. The classified Aeronautics programme that took a $950 million charge in the second quarter of 2025 remains in development; the October 22 report is the next test.

R2 F-35 sustainment and lot negotiations MEDIUM

Unchanged.

R3 Interceptor follow-on awards go elsewhere or slip

LOW Medium at submission

Lower. The THAAD production contract of up to $35 billion (June 24) and the PAC-3 MSE multiyear award (July 29) confirmed production incumbency; no Golden Dome award is dated or relied on; the risk now is the pace of follow-on funding, which the Golden Dome lead said on August 11 had no settled fiscal 2027 pathway.

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Environmental, Social, and Governance

Lockheed Martin reports under the Sustainability Accounting Standards Board framework. Governance is conventional: a majority-independent board, a lead independent director, single share class. None of these items bears on the thesis.

Position Management

Parameters

Exhibit 34: Parameters

	Value
Entry	$561.23 on August 31, 2026
Mark	$551.51, October 21, 2026 close
Return since entry	(1.7%)
Target	$615.00 (PA-LMT-Model; 11.5% above the mark); memo target $680.00
Stop	$477.05 (13.5% below the mark)
Size	4.4% of NAV at the mark
Defense and Aerospace vertical	7.7% of NAV at the mark (LMT 4.4%, RTX 3.3%)
Days held	51

Source: Company data, Point Alpha Capital Research

Status

Held to target. The company-dependent catalyst (incumbency in interceptor production, confirmed by the June THAAD and July PAC-3 MSE awards) was met before entry and the Congress-dependent one has not been. The time stop at January 20, 2027 governs: if the appropriations conference has not produced a procurement line at or above fiscal 2026 enacted by then, the position closes under the time stop regardless of price. The committee should confirm at IC-18 that it accepts a flat outcome on that path, or vote to extend the time stop to the January 2027 guidance. The third-quarter report of October 22 will be read at IC-18.

Price path

The stock closed at $561.23 on entry, $509.25 at the end of September (the low since entry, 9.3% below entry) and $551.51 on October 21.

Sources

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11. Point Alpha Capital. Investment Committee Submission, LMT, IC-16, August 31, 2026.
12. Point Alpha Capital execution record: trades D-04 and D-09.

Disclosures

Ownership and material conflicts of interest. The authors hold positions in the securities discussed through the firm's portfolio. Point Alpha Capital holds 4.4% of NAV at the mark (vertical 7.7%) in LMT.

Receipt of compensation. No author is compensated on the basis of this report or of any transaction in the subject security.

Position as an officer or a director. No author serves as an officer, director, or advisory board member of the subject company.

Market making. No author acts as a market maker in the subject company's securities.

Exhibit 35: Financial forecast ($B except EPS)

	2026E	2027E	2028E
Revenue	80.8	82.6	87.8
Growth	8%	2%	6%
Segment operating margin	11.0%	11.2%	11.8%
EPS	$30.30	$31.60	$33.90
FCF	7.1	7.3	7.8

Source: Point Alpha Capital estimates

Exhibit 36: LMT price, entry to publication



Source: Nasdaq historical closing prices; Point Alpha Capital execution record. Entry and publication prices with target and stop levels; no intraday path is shown.

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