



Lockheed Martin Corporation (LMT)

Updated April 26th, 2026 by Prakash Kolli

Key Metrics

Current Price:	\$513	5 Year Annual Expected Total Return:	8.2%	Market Cap:	\$118.38B
Fair Value Price:	\$507	5 Year Growth Estimate:	6.0%	Ex-Dividend Date¹:	06/02/26
% Fair Value:	101%	5 Year Valuation Multiple Estimate:	-0.3%	Dividend Payment Date:	06/27/26
Dividend Yield:	2.7%	5 Year Price Target	\$678	Years Of Dividend Growth:	23
Dividend Risk Score:	B	Sector:	Industrials	Rating:	Hold

Overview & Current Events

Lockheed Martin Corporation is the world's largest defense company. About 60% of the company's revenues comes from the U.S. Department of Defense, with other U.S. government agencies (10%) and international clients (30%) making up the remainder. The company consists of four business segments: Aeronautics (~40% sales) - which produces military aircraft like the F-35, F-22, F-16 and C-130; Rotary and Mission Systems (~26% sales) - which houses combat ships, naval electronics, and helicopters; Missiles and Fire Control (~16% sales) - which creates missile defense systems; and Space Systems (~17% sales) - which produces satellites. The firm had total revenue of over \$75.0B in 2025.

Lockheed Martin reported results for Q1 2026 on April 23rd, 2026. Net sales grew slightly to \$18,021M from \$17,963M and diluted GAAP earnings per share decreased to \$6.44 from \$7.28 on a year-over-year basis on revenue gains in only two segments and lower margins in all four segments on higher costs.

Aeronautics net sales decreased 1% to \$6,953M from \$7,057M in the prior year due to lower F-16 and classified volumes, offset by higher F-35 volumes. Missiles and Fire Control sales increased 8% to \$3,649M from \$3,373M in comparable periods due to higher tactical & strike missile and integrated air missile defense volumes. Rotary and Mission Systems fell 8% to \$3,991M from \$4,328M in the prior year because of lower radar and Sikorsky program volumes. Space sales increased 7% to \$3,428M from \$3,206M due to higher volumes for the FBM and NGI programs.

Lockheed Martin's backlog fell to \$186.4B on a year-over-year basis with decreases in all four segments.

The firm reaffirmed guidance at \$77.5B - \$80.0B in sales and \$29.35 - \$30.25 in diluted earnings per share in 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$12.38	\$13.33	\$17.59	\$21.95	\$24.50	\$26.75	\$27.23	\$27.56	\$27.99	\$21.49	\$29.80	\$39.88
DPS	\$6.77	\$7.46	\$8.20	\$9.00	\$9.80	\$10.60	\$11.40	\$12.15	\$12.75	\$12.75	\$13.80	\$18.47
Shares²	289	284	281	281	279	277	265	251	239	234	231	220

Lockheed Martin's earnings per share have been increasing on the strength of the F-35, tactical and strike missiles, satellite and missile defense programs, the Sikorsky acquisition, and lower share count. The F-35 is one of the most advanced stealth military aircraft in the world and will likely drive growth for the long-term. The Pentagon plans to buy 2,456 F-35s and this number does not include sales to allies. It will become the largest defense program in history. However, costs are rising, and the plane still has not finished operational testing because of software issues. As a result, the production schedule has been pushed back. Lockheed Martin also has a large installed base of other platforms that require modernization and sustainment helping to drive revenue. That said, the Pentagon is increasingly looking at non-traditional companies as prime contractors.

Our earnings growth estimate is 6% out to 2031. We now expect the dividend to grow ~6% on average annually and the payout ratio to range from 45% to 55%.

¹ Estimated dates. LMT has not yet announced the next dividend.

² Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	17.8	18.8	18.3	17.7	14.5	13.3	17.9	16.5	17.4	22.5	17.2	17.0
Avg. Yld.	3.1%	3.0%	2.6%	2.3%	2.8%	3.0%	2.3%	2.7%	2.6%	2.8%	2.7%	2.7%

Lockheed Martin’s stock price declined considerably since our last report on missing estimates. We kept our 2026 earnings estimate at the mid-point of guidance. We also previously raised our fair value estimate to 17X, which is closer to the 10-year average. Our fair value estimate is now \$507. Our 5-year price target is now \$678.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	55%	56%	47%	41%	40%	40%	42%	44%	46%	62%	46%	46%

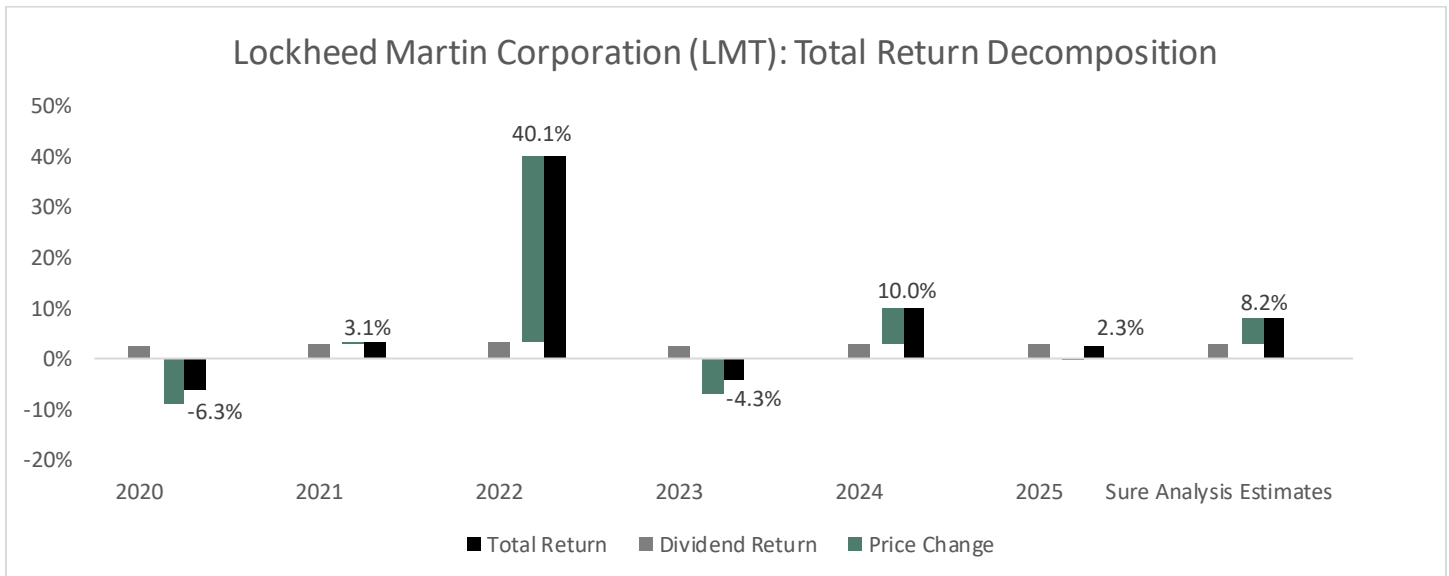
Lockheed Martin is an entrenched military prime contractor. It produces aircraft and other platforms that serve as the backbone for the U.S. military and other militaries around the world. This leads to a competitive advantage as any new technologies would need to significantly outperform extant platforms. These platforms have decades long life cycles and Lockheed Martin has the expertise and experience to perform sustainment and modernization. These characteristics lead to a good degree of recession resistance. However, the company does face risks from program cuts. Changing administrations can also adversely affect defense budgets. Along those lines, geopolitics, completed contracts, and changing defense priorities will impact revenue in the near-term.

Current long-term debt is \$168M and long-term debt is \$20,529M offset by \$1,894M in cash and equivalents. Interest coverage is over 5.99X, and leverage ratio is about 2.28X, but it is decreasing.

Final Thoughts & Recommendation

At present we are forecasting an 8.2% annualized total return through 2031 from a dividend yield of 2.7%, 6% EPS growth, and (-0.3%) from P/E contraction. After years of growing the bottom line, Lockheed Martin faced challenges due to rising costs, higher interest expense, and uncertainty because of the new administration’s priorities. However, the long-term outlook for Lockheed Martin is solid because of the strength of its product offerings, enormous backlog, and global conflicts driving missile production. At the current share price, we have maintained our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	47248	51048	53762	59812	65398	67044	65984	67571	71043	75048
Gross Profit	5062	5548	7274	8367	8654	9007	8287	8479	6930	9432
Gross Margin	10.7%	10.9%	13.5%	14.0%	13.2%	13.4%	12.6%	12.5%	9.8%	12.6%
D&A Exp.	1215	1195	1161	1189	1290	1364	1404	1430	1559	1687
Operating Profit	5549	5921	7334	8367	8644	9123	8348	8507	7013	7432
Op. Margin	11.7%	11.6%	13.6%	14.0%	13.2%	13.6%	12.7%	12.6%	9.9%	9.9%
Net Profit	5302	2002	5046	6230	6833	6315	5732	6920	5336	5017
Net Margin	11.2%	3.9%	9.4%	10.4%	10.4%	9.4%	8.7%	10.2%	7.5%	6.7%
Free Cash Flow	4126	5299	1860	5827	6417	7699	6132	6229	5287	6908
Income Tax	1133	3340	792	1011	1347	1235	948	1178	884	905

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	47806	46521	44876	47528	50710	50870	52880	52456	55617	59840
Cash & Equivalents	1837	2861	772	1514	3160	3604	2547	1442	2483	4121
Acc. Receivable	8202	8603	2444	2337	1978	1963	2505	2132	2351	16902
Inventories	4670	4487	2997	3619	3545	2981	3088	3132	3474	3524
Goodwill & Int.	14857	14604	14263	13817	13818	13520	13239	13011	13082	15618
Total Liabilities	46200	47130	43427	44357	44672	39910	43614	45621	49284	53119
Accounts Payable	1653	1467	2402	1281	880	780	2117	2312	2222	3630
Long-Term Debt	14282	14263	14104	12654	12169	11680	15429	17459	20270	22525
Total Equity	1511	-683	1394	3127	6015	1096	9266	6835	6333	6721
LTD/E Ratio	9.45	-20.88	10.12	4.05	2.02	1.07	1.67	2.55	3.20	3.39

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.9%	4.2%	11.0%	13.5%	13.9%	12.4%	11.0%	13.1%	9.9%	8.7%
Return on Equity	230%	484%	1419%	275%	150%	74.4%	56.7%	86.0%	81.0%	76.9%
ROIC	31.0%	13.6%	34.6%	39.7%	40.2%	30.9%	24.2%	28.2%	21.0%	17.5%
Shares Out.	289	284	280	278	275	277	265	251	239	234
Revenue/Share	155.88	175.66	187.45	210.75	232.57	241.69	249.37	268.99	297.00	321.40
FCF/Share	13.61	18.23	6.49	20.53	22.82	27.75	23.17	24.80	22.10	29.58

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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