General Dynamics Corporation (GD)

Updated July 30th, 2026 by Prakash Kolli

Key Metrics

Current Price:	$381	**5 Year CAGR Estimate:**	3.1%	**Market Cap:**	$102.87B
Fair Value Price:	$303	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	07/02/26
% Fair Value:	126%	**5 Year Valuation Multiple Estimate:**	-4.5%	**Dividend Payment Date:**	08/07/26
Dividend Yield:	1.7%	**5 Year Price Target**	$406	**Years Of Dividend Growth:**	35
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

General Dynamics is a U.S. aerospace & defense company that now operates in four business segments: Aerospace (21% of sales), Combat Systems (19%), Marine Systems (26%), and Technologies (33%). General Dynamics combined the IT and Mission Systems segments in 2020. The company's Aerospace segment is focused on business jets and services while the remainder of the company is defense. The company makes the well-known M1 Abrams tank, Stryker vehicle, *Virginia*-class submarine, *Columbia*-class submarine, and Gulfstream business jets. Based on revenue, General Dynamics is the fourth largest defense company. General Dynamics had revenue of approximately $52.6B in 2025.

General Dynamics reported Q2 2026 results on July 29th, 2026, beating estimates on more revenue in all four segments and higher margins. Companywide revenue rose 8.1% to $14,094M from $13,041M and diluted earnings per share ("EPS") increased 13.4% to $4.24 from $3.74 on a year-over-year basis. The book-to-bill ratio was 1.4X.

Aerospace revenue rose 15.1% to $3,525M from $3,062M in the prior year. The total backlog is $23,977M. Gulfstream's book-to-bill ratio was 1.5X, driven by robust orders for the latest business jets. Revenue for Marine Systems increased 10.4% to $4,660M from $4,220M on the strength of the *Columbia* and *Virginia*-class submarine programs. The segment's backlog grew considerably to $65,182M. Combat Systems revenue grew only 0.3% to $2,290M from $2,283M. The total backlog is at $29,350M. International customers, the M1 upgrade, a new U.S. reconnaissance Marine vehicle, and ammunition demand are increasing revenue and the backlog. Technologies revenue increased 4.1% to $3,619M from $3,476M. The total estimated contract value was down to $48.9B, and the backlog was $17,989M.

The companywide backlog is at a record of $136.5B of which ~$104.1B is funded and ~$32.4B is unfunded. The firm won $20B in orders for munitions, Gulfstream jets, submarines, international and U.S. ground combat vehicles.

General Dynamics raised guidance for revenue to $55.7B and earnings per share of ~$16.80 to $16.90 in 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$9.87	$9.95	$11.22	$11.98	$11.00	$11.55	$12.19	$12.02	$13.63	$15.45	***$16.85***	***$22.55***
DPS	$3.04	$3.36	$3.76	$3.99	$4.32	$4.76	$4.97	$5.22	$5.58	$5.92	***$6.36***	***$8.51***
Shares[1]	310	305	299	291	288	282	278	277	278	273	***270***	***257***

General Dynamics' top and bottom lines have grown due to increasing U.S. defense spending, international sales, business jet sales and services. General Dynamics has established naval and ground platforms that support maintenance and modernization contracts as well as future prime contract wins. COVID-19 caused earnings to drop in 2020, but it quickly bounced back. The firm is acquiring business jet service business at small airports.

From 2026, we forecast on average 6% annual earnings per share growth out to 2031. Operating margin expansion and a reduction of share count will support earnings per share growth. We now expect dividend growth to be about 6% going forward on average, matching EPS growth. General Dynamics is a Dividend Aristocrat, and the current payout ratio is reasonable, supporting future dividend increases.

[1] Share count in millions.

Disclosure: This analyst is long GD.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	17.5	21.3	14.0	14.7	13.5	18.0	20.2	21.5	19.3	21.7	***22.6***	***18.0***
Avg. Yld.	2.0%	2.1%	1.7%	1.9%	2.3%	2.5%	2.9%	2.5%	2.2%	1.8%	***1.7%***	***2.1%***

General Dynamics' stock price is up since our last report on beating estimates and raising guidance. Our fair value multiple is 18X, near the 10-year average. We raised our 2026 earnings estimate to the mid-point of updated guidance. Our current fair value estimate is $303. Our 5-year price target is $406.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	36%	34%	34%	39%	41%	41%	43%	41%	38%	***38%***	***38%***

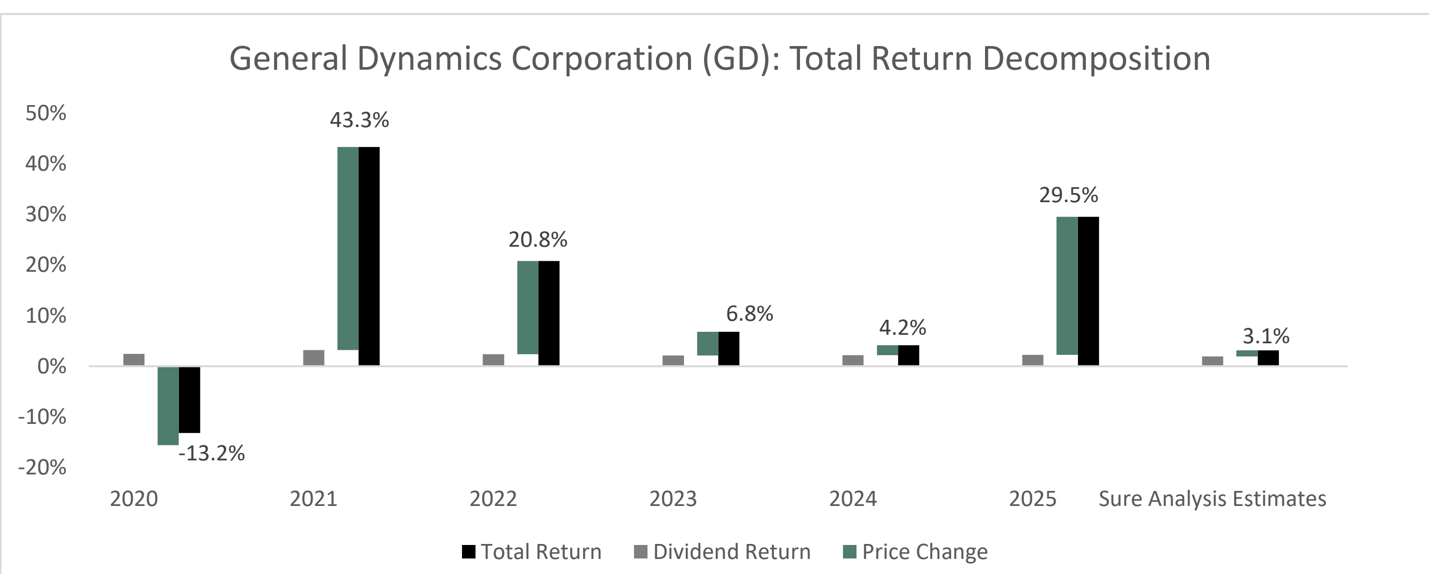
General Dynamics is an entrenched military prime contractor. It has ground and marine platforms that serve as the backbone for the U.S. Army, U.S. Navy, and militaries around the world. This leads to a competitive advantage as these platforms have decades long life cycles and General Dynamics has expertise and experience to perform sustainment and modernization. These characteristics lead to a good degree of recession resistance. However, the company faces risks in program cuts, reduction in federal spending, and cyclicality of the business jet market. General Dynamics is increasing its exposure to information technology and cybersecurity. These are competitive fields with lower margins.

General Dynamics' short-term and current long-term debt is $1,256M and long-term debt is $6,260M offset by $4,333M in cash and equivalents. Interest coverage is about 16.7X and the leverage ratio is now about 0.46X.

Final Thoughts & Recommendation

At present, we are forecasting 3.1% annualized total return through 2031 from a dividend yield of 1.7%, 6% EPS growth, and (-4.5%) P/E multiple contraction. Submarines, combat vehicles, and business jet sales are driving top line growth. The backlog is robust, and large submarine, business jet, combat vehicle, ammunition, and technology orders have increased it further. General Dynamics is a Dividend Aristocrat, and the dividend safety is solid. Dividend growth investors should look at this high-quality equity. At the current share price, we 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	30561	30973	36193	39350	37925	38469	39407	42272	47716	52550
Gross Profit	5665	6242	6657	6987	6325	6408	6622	6672	7364	7951
Gross Margin	18.5%	20.2%	18.4%	17.8%	16.7%	16.7%	16.8%	15.8%	15.4%	15.1%
SG&A Exp.	1921	2006	2263	2417	2192	2245	2411	2427	2568	2595
D&A Exp.	453	441	763	829	878	890	884	863	886	924
Operating Profit	3744	4236	4394	4570	4133	4163	4211	4245	4796	5356
Op. Margin	12.3%	13.7%	12.1%	11.6%	10.9%	10.8%	10.7%	10.0%	10.1%	10.2%
Net Profit	2572	2912	3345	3484	3167	3257	3390	3315	3782	4210
Net Margin	8.4%	9.4%	9.2%	8.9%	8.4%	8.5%	8.6%	7.8%	7.9%	8.0%
Free Cash Flow	1771	3448	2458	1994	2891	3384	3465	3806	3196	3959
Income Tax	977	1165	727	718	571	616	646	669	758	893

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	33172	35046	45408	49349	51308	50073	51585	54810	55880	57249
Cash & Equivalents	2334	2983	963	902	2824	1603	1242	1913	1697	2333
Acc. Receivable	3399	3617	3759	3544	3161	3041	3008	3004	2977	10786
Inventories	5118	5303	5977	6306	5745	5340	6322	8578	9724	9232
Goodwill & Int.	12123	12616	22179	21992	22170	22076	22158	22242	22076	22384
Total Liabilities	22871	23611	33676	35371	35647	32432	33017	33511	33817	31627
Accounts Payable	2538	3207	3179	3162	2952	3167	3398	3095	3344	2678
Long-Term Debt	3888	3982	12417	11930	12998	11495	10496	9261	8762	9490
Total Equity	10301	11435	11732	13978	15661	17641	18568	21299	22063	25622
LTD/E Ratio	0.38	0.35	1.06	0.85	0.83	0.65	0.57	0.43	0.40	0.38

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.9%	8.5%	8.3%	7.4%	6.3%	6.4%	6.7%	6.2%	6.8%	7.4%
Return on Equity	24.4%	26.8%	28.9%	27.1%	21.4%	19.5%	18.7%	16.6%	17.4%	17.7%
ROIC	18.2%	19.7%	16.9%	13.9%	11.6%	11.2%	11.6%	11.1%	12.3%	12.4%
Shares Out.	302	297	289	290	287	282	278	276	276	272
Revenue/Share	98.46	101.67	120.98	135.30	131.72	136.41	141.65	153.33	171.95	192.90
FCF/Share	5.71	11.32	8.22	6.86	10.04	12.00	12.46	13.80	11.52	14.53

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