Leidos Holdings, Inc. (LDOS)

Updated August 10th, 2026, by Kody Kester

Key Metrics

Current Price:	$140	**5 Year CAGR Estimate:**	14.1%	**Market Cap:**	$17.6B
Fair Value Price:	$186	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	09/15/26
% Fair Value:	75%	**5 Year Valuation Multiple Estimate:**	5.8%	**Dividend Payment Date:**	09/30/26
Dividend Yield:	1.2%	**5 Year Price Target**	$260	**Years Of Dividend Growth:**	7
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

Founded in 1969, Leidos Holdings, Inc. provides services and solutions to clients in the defense, intelligence, civil, and health markets in the U.S. and around the world. In 2016, the company merged with Lockheed Martin's Information Systems & Global Solutions segment to form one of the leading IT service providers to the U.S. government. Approximately 87% of LDOS's $17.17 billion in total revenue in 2025 was derived from the U.S. government. The remaining 13% came from commercial and non-U.S. customers. The company is organized into the following four operating segments:

1. Intelligence & Digital: This segment offers technology-enabled services and mission software capabilities. These are used by defense and intelligence customers in the cyber, logistics, and security operations areas.
2. Health: The segment provides services and solutions to federal and commercial customers in public health, care coordination, and life and environmental sciences. These include health information management services, managed health services, and life sciences research and development.
3. Homeland: The segment offers technologically advanced services, solutions, and products to commercial and international customers. Offerings include IT modernization, software solutions, mission support and logistics, and surveillance and reconnaissance technologies and services.
4. Defense: This segment develops and produces advanced space, aerial, surface, and sub-surface manned and unmanned defense systems for various U.S. agencies. Solutions provided include systems engineering, integration and testing, software development, and intelligence analysis.

On Aug. 4, LDOS released its financial results for the second quarter ended Jul. 3, 2026. The company's total revenue grew by 7.2% over the year-ago period to $4.56 billion in the quarter. Growth in the Homeland, Intelligence & Digital, and Defense segments (+32% to $1.02 billion including $141 million from the ENTRUST Solutions acquisition closed in March, +6.5% to $1.50 billion, and +6.2% to $955 million, respectively) more than offset a 7.6% year-over-year drop in Health segment revenue to $1.09 billion during the quarter. LDOS's non-GAAP diluted EPS edged 1.6% higher over the year-ago period to $3.26 for the quarter. That beat the analyst consensus in the quarter by $0.35.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.51	$3.72	$4.38	$5.17	$5.83	$6.62	$6.60	$7.30	$10.21	$11.99	***$12.38***	***$17.36***
DPS	$1.28	$1.28	$1.28	$1.32	$1.36	$1.40	$1.44	$1.46	$1.54	$1.63	***$1.72***	***$2.30***
Shares[1]	150.0	151.0	146.0	141.0	142.3	140.0	137.0	135.8	131.2	126.4	***125.5***	***114.0***

Over the past decade, LDOS's non-GAAP diluted EPS has compounded at a double-digit rate annually. We think that 7% annual non-GAAP diluted EPS growth through 2031, off an anticipated 2026 base of $12.38, is achievable. The firm's backlog remained strong at $48.7 billion. This should enable mid-single-digit revenue growth over the medium term. Incremental margin expansion and share repurchases are the other levers that can be pulled to achieve this growth.

[1] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	14.6	17.4	12.0	19.2	18.0	13.4	15.9	14.8	14.1	15.1	***11.3***	***15.0***
Avg. Yld.	2.5%	2.0%	2.4%	1.3%	1.3%	1.6%	1.4%	1.3%	1.1%	0.9%	***1.2%***	***0.9%***

Since 2016, LDOS's P/E ratio has varied from as low as the low double-digits to as much as the upper teens. That works out to an average P/E ratio of 15.5. Overall, we still think that a multiple of around 15 represents fair value. This is because improving margins could mostly compensate for the larger earnings base and lower earnings growth rate. Compared to the current P/E ratio of 11.3, that implies shares are still deeply undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	36%	34%	29%	26%	23%	21%	22%	20%	15%	14%	***14%***	***13%***

LDOS's competitive advantage lies in its long-standing relationships with customers and its top-tier talent. The company's ability to deliver for its customers has allowed non-GAAP diluted EPS to consistently rise in recent years.

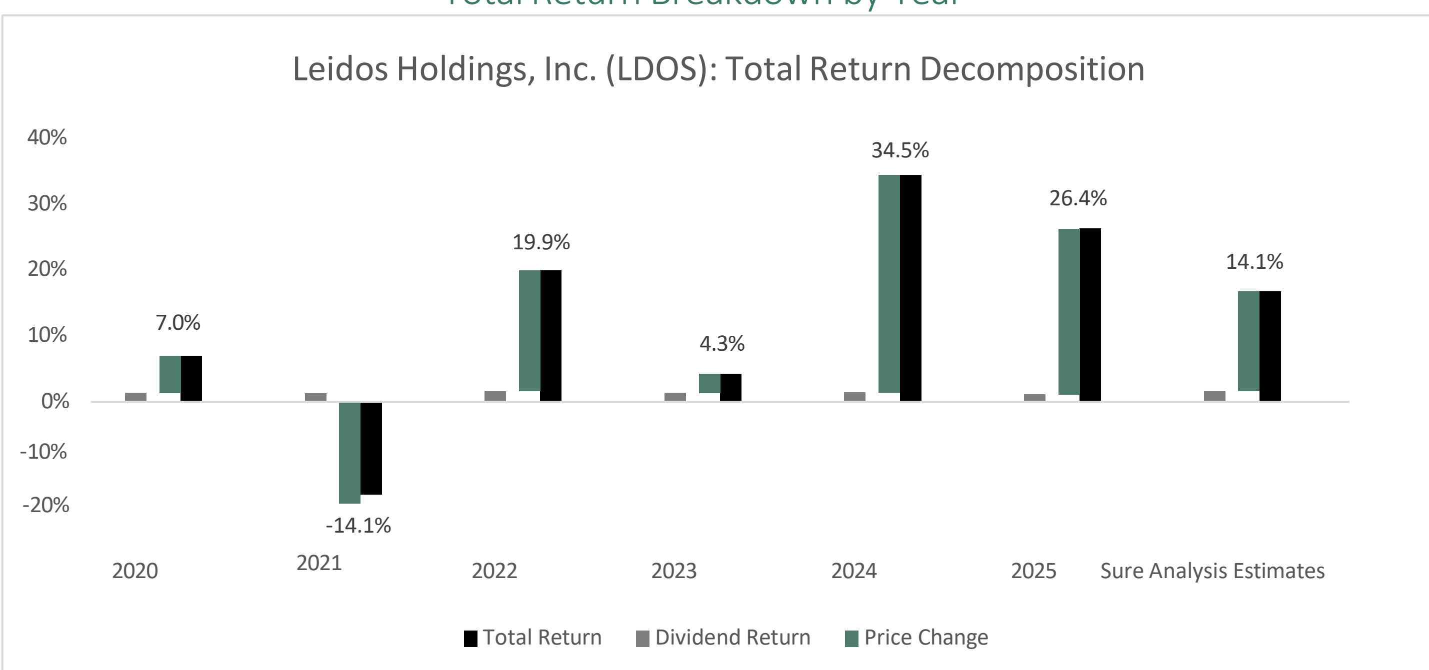
LDOS is also financially healthy. This is supported by an interest coverage ratio that was 8.2x in the first half of 2026. That provides a buffer for the company to endure a temporary downturn in its earnings and still be able to service its debt. This earns LDOS an investment-grade, BBB credit rating from S&P on a stable outlook. As of Jul. 3, 2026, LDOS's net leverage ratio was 2.1x.

Additionally, LDOS's dividend payout ratio is also quite low, providing strong security. The company's dividend payout ratio is set to be in the low- to mid-teens for 2026. We believe these elements at least partially offset LDOS's reliance on the U.S. government for most of its revenue and set it up to build on its seven-year dividend growth streak.

Final Thoughts & Recommendation

LDOS's 1.2% dividend yield, 7.0% annual non-GAAP diluted EPS growth prospects, and 5.8% annual valuation multiple upside potential could produce 14.1% annual total returns through 2031. As a result, we're reiterating our Buy rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	7,043	10,170	10,194	11,094	12,297	13,737	14,396	15,438	16,662	17,174
Gross Profit	852	1,432	1,504	1,548	1,737	2,014	2,084	2,244	2,798	3,099
Gross Margin	12.1%	14.1%	14.8%	14.0%	14.1%	14.7%	14.5%	14.5%	16.8%	18.0%
SG&A Exp.	201	573	547	496	770	860	950	942	983	999
D&A Exp.	122	336	257	234	282	325	333	331	290	290
Operating Profit	515	685	775	899	1,035	1,163	1,134	1,302	1,815	2,100
Operating Margin	7.3%	6.7%	7.6%	8.1%	8.4%	8.5%	7.9%	8.4%	10.9%	12.2%
Net Profit	246	364	582	670	629	759	693	208	1,251	1,462
Net Margin	3.5%	3.6%	5.7%	6.0%	5.1%	5.5%	4.8%	1.3%	7.5%	8.5%
Free Cash Flow	417	441	687	871	1,151	927	857	958	1,286	1,625
Income Tax	72	29	28	196	152	208	193	195	388	447

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	9,132	9,185	8,992	9,658	12,511	13,261	13,071	12,695	13,010	13,493
Cash & Equivalents	396	422	369	717	687	875	683	928	991	1,204
Accounts Receivable	1,657	1,831	1,877	1,734	2,137	2,189	2,350	2,429	2,645	2,708
Inventories	67	-	-	-	276	274	287	310	315	342
Goodwill & Int.	6,211	5,830	5,512	5,442	7,529	7,921	7,648	6,779	6,601	6,800
Total Liabilities	5,985	5,802	5,681	6,241	8,640	8,917	8,718	8,437	8,550	8,531
Accounts Payable	591	557	547	592	731	692	733	736	611	627
Long-Term Debt	3,287	3,111	3,124	3,312	5,308	5,665	5,490	5,198	5,291	5,235
Shareholder's Equity	3,135	3,370	3,308	3,413	3,862	4,291	4,299	4,201	4,412	4,916
LTD/E Ratio	1.05	0.92	0.94	1.01	1.41	1.35	1.31	1.27	1.23	1.09

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.9%	4.0%	6.4%	7.2%	5.7%	5.9%	5.3%	1.6%	9.7%	11.0%
Return on Equity	11.7%	11.1%	17.4%	19.9%	17.3%	18.5%	15.9%	4.8%	28.7%	31.0%
ROIC	5.7%	5.6%	9.0%	10.1%	7.8%	7.8%	6.9%	2.1%	12.9%	14.5%
Shares Out.	150.0	151.0	146.0	141.0	142.3	140.0	137.0	135.8	131.2	126.4
Revenue/Share	67.72	66.04	66.63	76.51	85.40	96.06	104.32	111.87	122.51	132.11
FCF/Share	4.01	2.86	4.49	6.01	7.99	6.48	6.21	6.94	9.46	12.50

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