LOCKHEED MARTIN NYSE-LMT

RECENT PRICE **340.47** | P/E RATIO **13.0** (Trailing: 13.9 Median: 16.0) | RELATIVE P/E RATIO **0.61** | DIV'D YLD **3.1%** | **VALUE LINE**

TIMELINESS 3 Lowered 1/22/21
SAFETY 1 Raised 3/24/06
TECHNICAL 4 Lowered 1/29/21
BETA .95 (1.00 = Market)

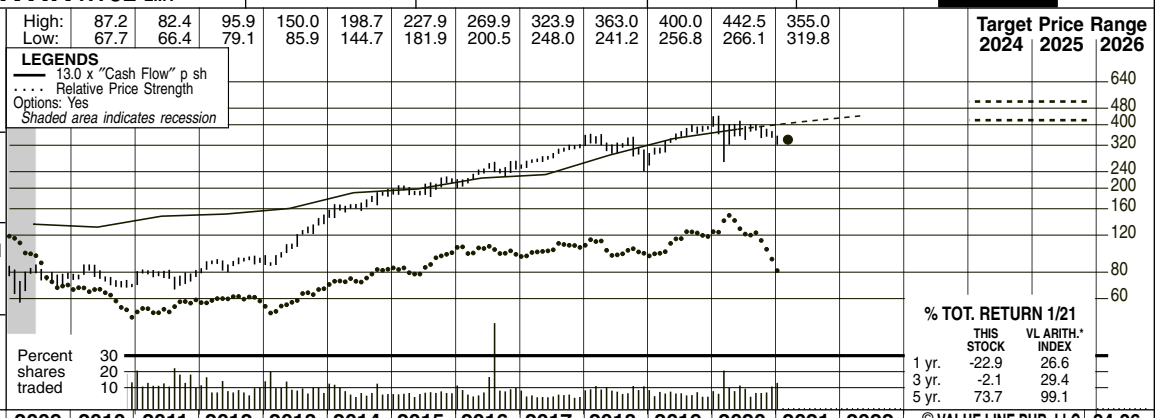
18-Month Target Price Range
Low-High **Midpoint (% to Mid)**
$275-$564 $420 (25%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	515	(+50%)	*13%*
Low	420	(+25%)	*9%*

Institutional Decisions

	1Q2020	2Q2020	3Q2020
to Buy	833	891	861
to Sell	842	720	779
Hld's(000)	230457	217677	216102



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
86.14	94.11	102.35	108.81	121.18	132.38	143.80	146.98	142.19	145.22	152.25	163.49	179.75	191.32	213.61	234.40	***247.85***	***261.80***	Sales per sh	***304.10***
5.60	7.36	9.10	10.34	10.41	10.08	11.36	11.63	12.35	14.68	15.28	17.19	17.85	22.09	26.50	29.31	***31.80***	***34.10***	"Cash Flow" per sh	***39.60***
3.85	5.36	6.86	7.86	7.78	7.23	7.82	8.36	9.57	11.21	11.46	12.38	13.33	17.59	21.95	24.50	***26.70***	***28.60***	Earnings per sh [A]	***33.30***
1.05	1.25	1.47	1.83	2.34	2.64	3.25	4.15	4.78	5.49	6.15	6.77	7.46	8.20	9.00	9.80	***10.60***	***11.40***	Div'ds Decl'd per sh [B]■	***13.30***
2.00	2.12	2.30	2.36	2.28	2.37	2.52	2.93	2.62	2.69	3.10	3.68	4.14	4.55	5.30	6.33	***6.15***	***6.25***	Cap'l Spending per sh	***6.35***
18.21	16.35	23.97	7.30	11.07	10.72	3.10	.12	15.42	10.83	10.22	5.23	d2.41	4.96	11.17	21.56	***34.65***	***45.45***	Book Value per sh [C]	***78.35***
432.00	421.00	409.00	392.70	372.90	346.00	323.37	321.00	319.00	314.00	303.00	289.00	284.00	281.00	280.00	279.00	***277.00***	***275.00***	Common Shs Outst'g [D]	***268.00***
15.9	14.7	14.7	12.7	9.8	10.5	9.9	10.6	11.8	15.1	17.7	19.2	21.5	18.2	15.9	15.5	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	***14.0***
.85	.79	.78	.76	.65	.67	.62	.67	.66	.79	.89	1.01	1.08	.98	.85	.79			Relative P/E Ratio	***.80***
1.7%	1.6%	1.5%	1.8%	3.1%	3.5%	4.2%	4.7%	4.2%	3.2%	3.0%	2.8%	2.6%	2.6%	2.6%	2.6%			Avg Ann'l Div'd Yield	***2.9%***
46499	47182	45358	45600	46132	47248	51048	53762	59812	65398	***68650***	***72000***	Sales ($mill)	***81500***
10.1%	11.0%	14.1%	13.7%	13.5%	13.3%	13.2%	12.8%	16.0%	15.5%	***16.0%***	***16.0%***	Operating Margin	***16.0%***
1008.0	988.0	990.0	994.0	1026.0	1215.0	1195.0	1161.0	1189.0	1290.0	***1375***	***1475***	Depreciation ($mill)	***1650***
2667.0	2745.0	2950.0	3614.0	3605.0	3753.0	3873.0	5046.0	6230.0	6888.0	***7435***	***7900***	Net Profit ($mill)	***8965***
26.5%	32.6%	29.0%	31.3%	28.2%	23.2%	26.5%	13.6%	14.0%	16.4%	***18.0%***	***18.0%***	Income Tax Rate	***18.0%***
5.7%	5.8%	6.5%	7.9%	7.8%	7.9%	7.6%	9.4%	10.4%	10.5%	***10.8%***	***11.0%***	Net Profit Margin	***11.0%***
1964.0	1700.0	2209.0	1217.0	2141.0	2566.0	4824.0	1705.0	3123.0	5445.0	***8800***	***11500***	Working Cap'l ($mill)	***18000***
6460.0	6158.0	6152.0	6169.0	14305	14282	13513	12604	11404	11669	***12000***	***12000***	Long-Term Debt ($mill)	***13000***
1001.0	39.0	4918.0	3400.0	3097.0	1511.0	d683.0	1394.0	3127.0	6015.0	***9600***	***12500***	Shr. Equity ($mill)	***21000***
38.1%	47.4%	28.2%	39.5%	22.0%	25.9%	32.7%	38.4%	45.1%	40.6%	***35.5%***	***33.0%***	Return on Total Cap'l	***27.0%***
NMF	NMF	60.0%	NMF	NMF	NMF	- -	NMF	NMF	NMF	***77.5%***	***63.0%***	Return on Shr. Equity	***42.5%***
NMF	NMF	28.7%	54.5%	54.0%	NMF	- -	NMF	NMF	68.2%	***40.5%***	***38.0%***	Retained to Com Eq	***25.5%***
41%	49%	52%	49%	54%	55%	56%	47%	41%	40%	***40%***	***40%***	All Div'ds to Net Prof	***40%***

CAPITAL STRUCTURE as of 12/31/20
Total Debt $12169 mill. **Due in 5 Yrs** None
LT Debt $11669 mill. **LT Interest** $591 mill.
(Total interest coverage '20: 14.9x)
(68% of Cap'l)
Leases, Uncapitalized Annual rentals $223 million

Pension Assets-12/20 $38.5 bill.
Oblig. $51.4 bill.
Preferred Stock None

Common Stock 280,103,431 shares out.
as of 1/22/21
MARKET CAP: $95.4 billion (Large Cap)

CURRENT POSITION ($MILL.)	2018	2019	12/31/20
Cash Assets	772	1514	3160
Receivables	11916	11431	11523
Inventory (FIFO)	2997	3619	3545
Other	418	531	1150
Current Assets	16103	17095	19378
Accts Payable	2402	1281	880
Debt Due	1500	1250	500
Other	10496	11441	12553
Current Liab.	14398	13972	13933

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Sales	6.0%	6.0%	*6.0%*
"Cash Flow"	8.5%	11.5%	*7.5%*
Earnings	9.0%	12.5%	*7.5%*
Dividends	16.0%	11.5%	*6.5%*
Book Value	-10.5%	-12.0%	*NMF*

Calendar	QUARTERLY SALES ($ mill.) Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2018	11635	13398	14318	14411	53762
2019	14336	14427	15171	15878	59812
2020	15651	16220	16495	17032	65398
2021	***16600***	***17100***	***17350***	***17600***	***68650***
2022	***17300***	***17850***	***18300***	***18550***	***72000***

Calendar	EARNINGS PER SHARE [A] Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2018	4.02	4.05	5.14	4.39	17.59
2019	5.99	5.00	5.66	5.29	21.95
2020	6.08	5.79	6.25	6.38	24.50
2021	***6.40***	***6.55***	***6.85***	***6.90***	***26.70***
2022	***6.85***	***7.00***	***7.35***	***7.40***	***28.60***

Calendar	QUARTERLY DIVIDENDS PAID [B]■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	1.82	1.82	1.82	2.00	7.46
2018	2.00	2.00	2.00	2.20	8.20
2019	2.20	2.20	2.20	2.40	9.00
2020	2.40	2.40	2.40	2.60	9.80
2021					

BUSINESS: Lockheed Martin provides a broad range of products and services to the world's governments and commercial customers. Areas of concentration include space and missile systems, electronics, and aeronautics. Program base includes F-16, F-22, F-35 aircraft, ballistic and other missile systems, C-130 transport, and Titan launch vehicles. Sold its IS&GS business to Leidos 8/16. In 2020, 74% of sales were to the U.S. Government. Has 114,000 empl. Off./dir. own less than 1% of the common stock; State Street, 15.4%; Capital World, 6.0%; BlackRock, 6.6%; Vanguard Group, 8.0% (3/20 Proxy). Chrmn., Pres. & CEO: Marillyn A. Hewson. Inc.: MD. Addr.: 6801 Rockledge Drive, Bethesda, MD 20817-1877. Tel.: (301) 897-6000. Internet: www.lockheedmartin.com.

Shares of Lockheed Martin have continued to struggle. Over the past six months, the stock price has declined roughly 13%. For comparison, the S&P 500 Index has advanced 14% over the same time frame. The poor relative showing, in our view, has been largely unwarranted. Lockheed has continued to generate healthy quarterly sales and earnings, and its business prospects look solid (discussed below). The pressure may have stemmed from the recent election results. The Democrats now occupy the White House and possess majority control in Congress. Perhaps the concern is that the U.S. government pulls back on military spending in the years to come. Although this may very well occur, we don't think it will greatly impact Lockheed Martin.

We remain optimistic in regard to the company's business. Even if the U.S. defense budget doesn't increase much over the years ahead, we think the bulk of Lockheed's platforms will remain fully funded, given their importance to the U.S. military and its allies. The F-35 fighter aircraft program is our main cause for bullishness. The Pentagon still plans to have 2,456 of these planes in its arsenal, and a number of partner nations are interested in procuring this fifth-generation fighter. The F-35 program will fuel Lockheed's results for many years to come. In 2020, the company delivered 120 of these planes and, when all is said and done, this will be the largest defense project in history (in terms of total dollars spent).

Lockheed is also working on an acquisition. It recently agreed to purchase Aerojet Rocketdyne for $4.4 billion. The deal still requires regulatory approval but, if completed, would bolster Lockheed's space travel and missile defense systems divisions. The deal is scheduled to be completed in the second half of 2021.

We are recommending the equity. As mentioned, we think that the recent price decline was uncalled for. Our quantitative 18-month Target Price Range agrees with that assessment; it expects the stock price to rebound considerably over the next year and a half. Furthermore, the price drop, coupled with the annual earnings gains we expect, provides the issue with healthy three- to five-year appreciation potential.

Ian Gendler *March 5, 2021*

(A) Diluted egs. Excl. nonrecur. gains/(losses): '05, 25¢; '06, 44¢; '07, 25¢; '10, 76¢; '11, (4¢); '13, ($0.44); '17, ($6.69). Excludes discontinued ops.: '16, $5.11; '20, ($0.20). Earnings may not sum to total due to rounding. Next egs. rpt. due late April.
(B) Dividends historically paid in late March, June, September, and December.
■ Div'd reinvestment plan available.
(C) Incl. intang. In 2020: $13.8 bill., $49.53/sh.
(D) In millions.

Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	100
Earnings Predictability	95

© 2021 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE