

Lockheed Martin Corp. | Equity Research Report

Highlight

We strongly recommend Lockheed Martin Corp. (LMT) based on an implied share price of \$1,293.07, while the current price per share is quoted at \$614.61. Our recommendation is primarily driven by:

- Consistent growth across various revenue segments. Since 2017, Lockheed Martin has experienced substantial growth in its four core product lines: aeronautics, missiles and fire control, rotary and mission systems, and space.
- The escalating rivalry between Ukraine and Russia, Israel, and the Middle East Region has reached a point of war, with other parties, including the United States, potentially becoming involved. If the conflict persists, more countries may become entangled, leading to a surge in growth rates for aerospace and defense firms that far exceed our expectations.
- With 250.30 million outstanding shares, the indicated share price of \$1,293.07 represents the intrinsic value per share based on discounted future cash flows.
- The defense sector is characterized by intense competition, with Boeing, Northrop Grumman, and Raytheon Technologies vying for government contracts.

STRONG BUY

LMT | Ticker

Price: \$614.61

Implied Share Price: \$1,293.07



Business Description

Lockheed Martin Corp. (LMT) is an aerospace and defence giant operates as a global security and aerospace company. The corporation traces its roots back to 1912 when Glenn L. Martin founded The Glenn L. Martin Company in Los Angeles, California. In December of the same year, Allan and Malcolm Lockheed established the Alco Hydro-Aeroplane Company in San Francisco, which later became the Lockheed Aircraft Company. These two firms would later merge for \$10 billion in 1995, forming Lockheed Martin, which is located in Bethesda, Maryland, near Washington, D.C.

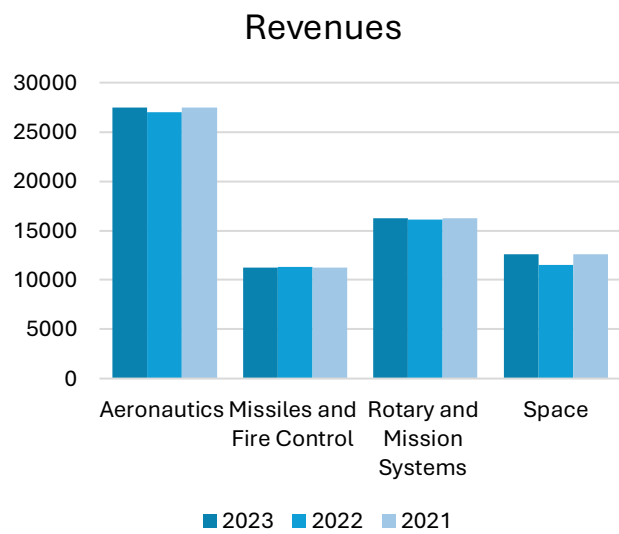
Lockheed Martin's market capitalisation was \$109 billion on March 31, 2024. It is one of the largest corporations in the aerospace and defence industry. Across the globe, Lockheed Martin activities support

an estimated 110,000 direct and indirect jobs, with an estimated total economic effect of more than \$1 billion per year in four business segments: Aeronautics, Missiles and Fire Control (MFC), Rotary and Mission Systems (RMS) and Space. As a significant defence contractor, Lockheed Martin's primary customer is the United States government, specifically the Department of Defence and intelligence agencies. However, the organisation also serves numerous worldwide governments and commercial clients.

The Aeronautics segment conducts research, designs, develops, manufactures, integrates, maintains, supports, and upgrades modern military aircraft, including combat and air mobility aircraft, unmanned air vehicles, and associated technology.

From 2021 to 2023, the Aeronautics division generated 40% of Lockheed's sales revenue. In 2023, the majority of sales in this sector occurred in the United States (65% of sales by geographic region) and Europe (20% of net sales). The segment's main products are fighter jets such as the F-35 Lightning II Joint Strike Fighter (the largest, accounting for 27% of aeronautics sales), the C-130 Hercules, the F-16 Fighting Falcon, and the F-22 Raptor.

Revenue Breakdown by Business Segment



The MFC segment offers air and missile defence systems, tactical missiles, logistics, fire control systems, mission operations support, engineering services, manned and unmanned ground vehicles, and energy management solutions. In the period 2021 – 2023, the MFC segment was responsible for 18% of Lockheed’s sales revenue. Sales in 2023 was generated mostly in the U.S. (70% of net sales) and Middle East (17% of net sales).

The RMS segment designs, manufactures, services, and supports a wide range of military and

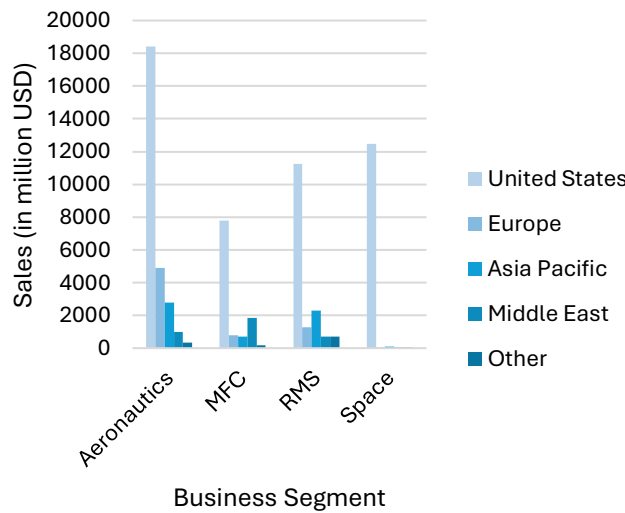
Strategy

Lockheed Martin maintains its aerospace and military leadership with a comprehensive strategy that incorporates innovation, strategic partnerships, and focused communication.

Targeted Market Segmentation: This core approach of Lockheed Martin allows the organisation to customise messages and services to fit the wide range of needs of its customers. The government agencies, military branches, and commercial aerospace markets are the main segments. Lockheed Martin can create tailored solutions that meet each segment's particular operating demands by having a thorough understanding of the requirements and difficulties that each faces. Lockheed Martin, for example, has focused on developing state-

commercial helicopters, ship and submarine mission systems, missile defence systems, radar systems, littoral combat ships, and simulation and training services. From 2021 to 2023, the RMS segment represented 25% of Lockheed's sales. Customers include the United States (70% of net sales), Asia-Pacific (15% of net sales), and Europe (8%).

Net Sales by Geographic Region in 2023



The Space segment is in charge of satellite research and development, as well as the design, engineering, and manufacturing of strategic and defensive missile systems and space transportation systems. From 2021 to 2023, this division accounted for 18% of the company's sales revenue. In 2023, the United States accounted for about 100% of sales in this segment, which included NASA, the United States Air Force, the Missile Defence Agency, and the United States Space Force. The other consists of international equivalents.

of-the-art military aircraft and missile systems since the U.S. Department of Defence, a major customer, demands cutting-edge technologies for national security.

Emphasis on Innovation and Technology Leadership: is a key component of Lockheed Martin's marketing strategy, promoting the corporation as a pioneer in the aerospace and military industries. Approximately \$1.3 billion is allocated annually by Lockheed Martin to expand its technological capabilities. This is accomplished through the company's ongoing investment in research and development. By supporting these innovations, Lockheed Martin strengthens its position as a leader committed to fulfilling the changing needs of national security.

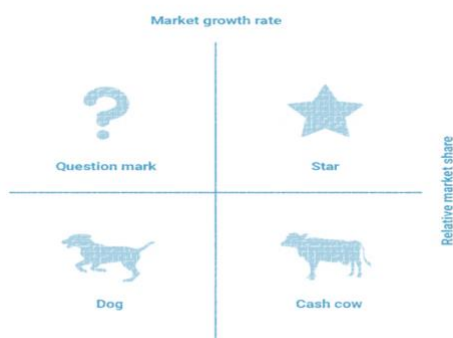
Strategic Partnerships and Collaborations: By creating agreements with other defence contractors, government agencies, and technological companies, Lockheed Martin strengthens its position in the highly competitive aerospace and defence landscape. Partnerships with businesses like Boeing and Northrop Grumman, for example, have aided in the development of advanced defence systems like the Ground-based Midcourse Defence (GMD) system, which guards against missile threats. These collaborations not only exploit shared expertise, but also promote cross-project innovation, reinforcing Lockheed Martin's image as a trusted industry leader.

Brand Positioning and Reputation Management: Assisted the corporation in establishing itself as a leader in the aerospace and defence industries. Lockheed Martin has established a strong brand identity by continually emphasising its commitment to innovation, quality, and dependability, which connects with important stakeholders such as government agencies and military organisations.

Customization and Customer-Centric Solutions: This enables the organisation to address the different needs of its consumer base. Lockheed Martin creates personalised products and services that meet unique operational needs via close collaboration with clients. For example, in response to the US Navy's specific requirements, Lockheed Martin tailored the Littoral Combat Ship (LCS) program to provide flexible naval capabilities, increasing mission flexibility in shallow coastal waters.

Focus on International Markets: This enables the company to broaden its worldwide reach and diversify its revenue streams. As global defence budgets rise, Lockheed Martin actively seeks opportunities outside of the United States market by collaborating with international governments and military organisations. In recent years, the corporation has explored strategic relationships and collaborations with allies, such as extending its presence in the Indo-Pacific area to help countries like Australia and Japan improve their defence capabilities.

BCG Matrix Analysis



STAR: F-35 Lighting II Fighter Jet; Hypersonic Missiles; Spacecraft and Satellite Systems, Integrated Air and Missile Defense System

COW: C-130 Hercules; Government IT and Cyber Solutions; PAC-3 Missiles; F-16 Fighting Falcon

DOG: LCS Shipbuilding; Infrared Sensing; older aircrafts

QUESTION MARK: AI in Defense; Next-gen Pilot Training Program

Management and Governance

Board Member

James D. Taiclet is the Lockheed Martin's Chairman, President & CEO. Additionally, there are 11 members in the Lockheed Martin's Board of Directors with seven men and four women.

Senior Leadership Experience: All directors have senior leadership experience.

Financial Expertise: All directors are able to interpret financial statements, give additional supervision of financial statements and capital allocation choices, and use critical financial measures to assess the Company's performance.

Environment, Social and Governance Expertise: Directors with expertise in environmental, social, and governance concerns, such as employee safety and health, climate-related risks, political risks, and cybersecurity, are essential to the Board's risk oversight and the Company's sustainability activities.



Figure 1 Board Members (Source: LMT Annual Report)

Cybersecurity Expertise: Directors with expertise in cybersecurity, intelligence, and data protection, as well as US cybersecurity policy and government cybersecurity operations and threats, help the Board evaluate cybersecurity risks and digital transformation projects.

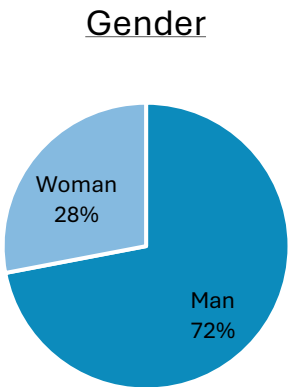
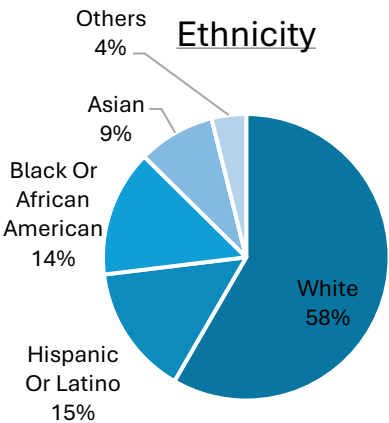
Senior Military / Government Experience: Directors with significant military or government experience add a valuable viewpoint, having managed large, complex, diversified organisations while also understanding customers and pertinent policy concerns.

Executive Team

Lockheed Martin has 115,000 employees, of which 88 are in a leadership position. Here are further demographic highlights of the Executive team:

		BURRITT	FALK	CARLSON	HOLLUB	JOHNSON	TACLET	REED-KLAD	DUNFORD	KA	DE	WH
Strategic Skills	Lead	21st Century Security / Defense Industry Transformation										
		SG.MIL / Digital & Networking Open Architecture										
	Innovate	AI, Autonomy, Advanced Comms, Hypersonics, Space										
		Business and Digital Transformation										
	Drive	Operational Execution and Efficiency										
		Supply Chain Excellence										
Grow		International Business Expansion										
		Business Model / Commercial Partnerships										
		M&A Expertise										
Core Competencies	Senior Leadership Experience	CEO	Chair and CEO	Four-Star General	CEO	Cabinet Sec.	Chair and CEO	Chair and CEO	Four-Star General	CFO	CEO	Sec. of U.S. Air Force
	Financial Expertise											
	Environment, Social and Governance Expertise											
	Cybersecurity Expertise											
	Senior Military / Government Experience											
Attributes	Race / Ethnicity	White	White	White	White	Black	White	White	White	White	White	White
	Veteran of the U.S. Armed Forces											
	Gender	M	M	M	F	M	M	F	M	F	M	F
	Age	68	65	74	64	66	63	67	68	67	63	63
	Tenure (rounded years)	16	14	9	6	6	6	4	4	3	2	0

Figure 2 Board Members' Attributes, Core Competencies, and Skills (Source: LMT Annual Report)



Corporate Governance

Lockheed Martin is deeply committed to excellent corporate governance standards that assure Board and management responsibility, build public trust in the company, and generate long-term shareholder value. The Governance Committee reviews our governance processes on a regular basis, taking into account developing external trends, practices, and stockholder comments, in order to incorporate governance best practices that it feels will improve the Board's operation and effectiveness.

Relating to the Board	Relating to Stockholder Rights
Entirely independent Board other than the Chairman	One class voting stock
Strong and engaged independent Lead Director	One share, one vote
Entirely independent committees	Annual election of directors
Annual review of Board leadership structure	Majority voting for directors in uncontested election
Annual Board and Committee evaluations	Mandatory tender of resignation if majority vote not received in uncontested election
Demonstrated commitment to Board refreshment	Proactive, year-round stockholder engagement
Regular executive sessions of independent directors	No supermajority voting requirements
Meaningful director stock ownership guidelines	Market-standard proxy access
Policy against "overboarding"	Right to call a special meeting
Retirement Policy	Right to amend Bylaws
Regular review of Committee Charters and Governance Guidelines	No poison pill
Access to officers and employees	

Industry Overview and Competitive Positioning

Overview of the Industry

The worldwide aerospace and defence sector, in which Lockheed Martin operates, is distinguished by:

High Barriers to Entry: New businesses find it challenging to enter the industry due to significant capital expenditures, intricate technologies, and strict regulations.

Prolonged Development Cycles: Before being introduced to the market, aerospace and defence goods frequently need years of research, development, and testing.

Key External Drivers

Geopolitical Pressures: Expanding worldwide clashes and territorial precariousness drive request for defence items and administrations.

Innovative Progressions: Advancements in regions such as manufactured insights, independent frameworks, and hypersonic innovation are reshaping the industry.

Later Patterns at Lockheed Martin

Centre on developing advances: Lockheed Martin has been contributing intensely in inquire about and advancement of cutting-edge advances, such as

Government Contracts: Since government contracts account for a sizable amount of the industry's earnings, it is susceptible to changes in politics and the budget.

Technological Innovation: As the industry develops continuously, new technologies spur innovation and influence the creation of new goods and services.

Financial Conditions: Financial downturns can lead to decreased defence investing, financial development can back expanded military budgets.

Natural Controls: Developing concerns around climate alter and maintainability are affecting the improvement of more ecologically neighbourly aviation and defence advances.

hypersonic, coordinated vitality weapons, and progressed fabricating.

Cybersecurity: The company has fortified its cybersecurity capabilities to ensure its frameworks and information from cyber dangers.

Supportability: Lockheed Martin has been working to decrease its natural affect and advance feasible hones inside its operations.

Computerized change: The company is leveraging computerized innovations to make strides its productivity, efficiency, and decision-making.

Competitive Situating: Lockheed Martin is one of the driving players within the worldwide aviation and defence industry, known for its solid brand, broad item portfolio, and mechanical capabilities. Its key competitive preferences incorporate:

Broadened item line: Lockheed Martin offers a wide run of items and administrations, counting warrior planes, helicopters, rockets, satellites, and cybersecurity arrangements.

Mechanical leadership: The company encompasses a solid track record of mechanical development and is at the cutting edge of numerous developing advances.

Worldwide nearness: Lockheed Martin works in a number of nations around the world, giving it a solid worldwide impression.

Solid client connections: The company has long-standing connections with governments and military organizations around the world.

In spite of its solid position, Lockheed Martin faces competition from other major aerospace and defence companies, such as Boeing, Northrop Grumman, and Raytheon Innovations. To preserve its competitive edge, the company must proceed to contribute in inquire about and improvement, improve its items, and adjust to the changing needs of its clients.

Nevertheless, the business encounters difficulties like:

Competition: There is fierce rivalry from other significant defence contractors.

Cost pressures: The requirement to keep expenses under control without sacrificing the functionality and quality of the product.

Regulatory compliance: Following intricate rules and guidelines.

Lockheed Martin wants to continue to be a major force in the aerospace and defence sector by successfully overcoming these obstacles and utilizing its advantages.

SWOT Analysis

Strengths	Weaknesses
<p>Cutting-edge Technology: Significant investments are made in research and development, resulting in advanced technologies for aerospace, defence, and cybersecurity.</p> <p>Variety of Investments: Lockheed Martin offers a wide array of products, such as airplanes, missiles, and space systems, which decreases reliance on one specific market.</p> <p>Global Presence: Conducting operations and forming partnerships across various regions worldwide enables the company to benefit from diverse sources of revenue and lower the level of risks.</p>	<p>Relying on Government Contracts: A large amount of income is derived from U.S. government contracts, exposing the company to potential impacts from budget cuts and policy adjustments.</p> <p>Expensive: The defence sector requires a lot of capital, and high operating expenses can impact profits.</p> <p>Public Scrutiny: As a significant defence contractor, Lockheed Martin is vulnerable to public scrutiny and possible backlash regarding military funding.</p>
Opportunities	Threats
<p>Rising Defence Expenditure: Escalating global geopolitical tensions could result in higher defence budgets in different nations, presenting potential for growth.</p> <p>Advancing Technologies: Venturing into areas such as artificial intelligence, unmanned systems, and cybersecurity could create additional sources of income.</p> <p>Commercial Space Market: Increased curiosity in space exploration and satellite services offers chances for growth outside of conventional defence industries.</p>	<p>Regulatory Modifications: Alterations in governmental policies or military spending can have a significant effect on operational activities and income.</p> <p>Fierce Competition: The defence industry faces strong competition, as other significant competitors are also seeking government contracts and striving for innovation leadership.</p> <p>Geopolitical Risks: Worldwide instability and conflict may lead to uncertainties in international agreements and partnerships.</p>

Overview of Investment

Lockheed Martin Corporation is a global company that specializes in security and aerospace, developing, manufacturing, and servicing cutting-edge technology systems and solutions. A major global defence contractor offering a variety of products and services to customers in the United States and around the world.

Key considerations to remember when making investments:

Strong Market Position: Lockheed Martin is a key player in the defence industry, with a proven history of delivering crucial goods and services to various governments worldwide.

Steady Income Stream: The company primarily generates revenue from government contracts, ensuring a consistent and stable income.

Potential Risks

Government Funds: Fluctuations in ruling government budget on defence can have a significant impact on Lockheed Martin's financial performance and income.

Competition: Fierce competition exists in the defence sector, with Boeing, Northrop Grumman, and Raytheon Technologies vying for government contracts.

Technology Leadership: Lockheed Martin is known for its expertise in technology, particularly in the fields of aerospace, missile systems, and cybersecurity.

Global Presence: The company's global operations enable it to have a presence in multiple countries, providing access to a variety of markets and opportunities.

Regulatory Risks: The company is required to adhere to various regulations including export controls, environmental conservation, and labour standards.

Technological Advancements: Rapid developments in technology could lead to disruptions in the defence industry and present new challenges for Lockheed Martin

Outlook of Investment

The portion for investing activities displays the total cash expended on investing activities, amounting to \$(372) this period and \$(259) last period. The financing activities section displays the net cash from financing activities, totalling

Investing activities			
Capital expenditures		(378)	(294)
Other, net		6	35
Net cash used for investing activities		(372)	(259)
Financing activities			
Issuance of long-term debt, net of related costs		1,980	—
Repurchases of common stock		(1,000)	(500)
Dividends paid		(780)	(784)
Other, net		(115)	(128)
Net cash provided by (used for) financing activities		85	(1,412)
Net change in cash and cash equivalents		1,348	(107)
Cash and cash equivalents at beginning of period		1,442	2,547
Cash and cash equivalents at end of period		\$ 2,790	\$ 2,440

Figure 3 Cash Flow from Investing & Financing Activities (Source: LMT Annual Report)

\$85 in the current period and \$(1,412) in the previous period. The current period shows a \$1,348 increase in cash and cash equivalents, while the previous period had a decrease of \$(107). Cash and cash equivalents at the start of the current period amount to \$1,442, while they were \$2,547 in the preceding period. At the conclusion of the period, cash and cash equivalents amount to \$2,790 for the current period and \$2,440 for the previous period.

Lockheed Martin Corporation is a multinational aerospace and defence company that makes significant investments in multiple areas, such as:

- **Research and Development (R&D):** Substantial funding is designated for R&D in cutting-edge technologies within aerospace, defence systems, cybersecurity, and space exploration.
- **Acquisitions:** Lockheed Martin frequently purchases smaller companies to improve its technological abilities and broaden its range of products.
- **Production Sites:** The company is committed to updating and expanding its manufacturing abilities to enhance productivity and satisfy contract requirements.
- Efforts to promote sustainability include investments in eco-friendly practices and technologies to minimize environmental harm.
- Training and development programs are invested in by Lockheed Martin to ensure their employees have the necessary skills for a skilled workforce.

- Macro finding, Lockheed Martin is an appealing choice for investors looking to invest in the defence industry due to its strong market position, steady revenue stream, and technological leadership. Investors need to be conscious of the possible risks linked to government spending, competition, and regulatory changes.

Financial Analysis

Revenue Growth: Over the past three years, Lockheed Martin's total net sales have experienced a gradual growth of \$67,571 million in 2023. This represents a modest increase from the previous year's sales of \$65,984 million. The company's sales performance can be attributed to a consistent rise in demand for both its products and services. Notably, product sales, which constitute the majority of the company's revenue, exhibited a slight increase of \$6,801 million in 2023 compared to \$6,000 million in 2022. Conversely, services revenue contributed \$11,306 million in 2023, representing a substantial 7.5% growth from the previous year. This diversified revenue stream across products and services underscores Lockheed Martin's well-balanced business model.

Balance Sheet Strength: Lockheed Martin's total assets slightly declined from \$52,880 million in 2022 to \$52,456 million in 2023, primarily due to a reduction in cash and cash equivalents. Despite this, the company maintained strong liquidity, with current assets \$20,521 million and a healthy cash flow from operations of \$7,920 million in 2023. This operational cash flow allowed the company to comfortably manage its capital expenditures and debt obligations.

Cash Flow Management: Lockheed Martin's operating cash flow remained strong at \$7,920 million, though slightly lower than the previous year's \$7,802 million. Despite higher interest payments and capital expenditures, the company continued to generate sufficient free cash flow to support its capital allocation priorities, including debt repayment, stock buybacks, and dividend payouts.

Cost Efficiency and Gross Profit: The company's cost of sales followed a similar pattern, with costs increasing to \$59,092 million in 2023 from \$57,697 million in 2022, resulting in a gross profit of \$8,479 million in 2023, slightly up from \$8,287 million in the prior year. The increase in gross profit demonstrates the company's ability to maintain stable margins despite rising costs in both products and services. Severance and other charges were notably lower in 2023, dropping to \$92 million, helping improve profitability.

Operating Profit and Interest Expense: Operating profit for 2023 was \$8,507 million, up from \$8,348 million in 2022. Despite increasing interest expense, which rose sharply to \$916 million in 2023 (up 47% from 2022), Lockheed Martin's earnings before income taxes remained strong, reaching \$8,098 million. The rise in interest expense can be attributed to increased borrowing, as seen in the long-term debt increase from \$15,429 million to \$17,291 million during the year.

Net Earnings and Shareholder Returns: Net earnings showed a notable increase, reaching \$6,920 million in 2023 compared to \$5,732 million in 2022, driven by the recovery in pension-related expenses and stable operating performance. Diluted earnings per share (EPS) also improved, rising to \$27.55 in 2023 from \$21.66 in 2022. The company continued to return value to shareholders through stock buybacks and dividends. In 2023, Lockheed Martin repurchased \$6 billion of common stock and paid \$3.05 billion in dividends, an increase from \$3.02 billion in 2022.

Leverage and Shareholders' Equity: The company’s leverage increased as long-term debt rose to \$17,291 million in 2023. However, shareholders' equity declined significantly to \$6,835 million from \$9,266 million in 2022, due in part to increased stock repurchases and the negative impact of pension-related actuarial losses. This reduction in equity reflects a strategy of prioritizing shareholder returns, but it also indicates rising financial leverage.

Valuation using DCF Model

Income Statement Projections: Lockheed Martin’s revenue experienced steady growth from 2019 to 2023, and future projections suggest continued growth at a compound annual growth rate (CAGR) of 3.10%. In our discounted cash flow (DCF) model, We utilized CAGR for the future growth rates because it provides a smoothed average that captures Lockheed Martin’s historical growth trend. This approach is particularly relevant considering the stability of the defence industry, where steady, long-term contracts drive predictable growth. By employing CAGR, we were able to project future performance based on realistic and data-driven assumptions, rather than relying on speculative assumptions. In 2028, revenue is projected to reach \$78,700.12 million.

Cash Flow Projections: The DCF model calculates Free Cash Flow (FCF) based on Earnings Before Interest After Tax (EBIAT), depreciation, capital expenditure, and changes in working capital. Key figures from the cash flow projections are:

Depreciation: Depreciation as a percentage of revenue remains steady at around 2.05%, with total depreciation projected to increase to \$1,611.62 million by 2028.

Capital Expenditure: CapEx as a percentage of revenue averages 2.50%, reflecting ongoing investment in operations.

Working Capital: The working capital to revenue ratio is expected to remain stable at 0.53%.

DCF Model Outputs: The key outputs from the DCF model are as follows:

Enterprise Value: \$326,353.81 million

Equity Value: \$310,336.81 million

Implied Share Price: \$1,293.07

The present value of free cash flows from 2024 to 2028, discounted using the WACC of 5.13%, along with the terminal value, results in an **implied share price of \$1,293.07**. This suggests a **significant upside** compared to the current market share price of \$614.61, indicating the market may be undervaluing the company.

Sensitivity Analysis

The sensitivity analysis was conducted to assess how changes in growth rate and WACC affect the implied share price. This table highlights the impact of varying both WACC and growth rates. With the base-case assumption of 3.10% growth and a WACC of 5.13%, the implied share price remains at \$1,293.07.

Sensitivity Analysis						
	Implied Share Price	Growth Rate				
		2.10%	2.60%	3.10%	3.60%	4.10%
W A C C	\$1,293.07					
	4.13%	\$836.66	\$1,019.91	\$1,293.07	\$1,743.81	\$2,628.69
	4.63%	\$836.66	\$1,019.91	\$1,293.07	\$1,743.81	\$2,628.69
	5.13%	\$836.66	\$1,019.91	\$1,293.07	\$1,743.81	\$2,628.69
	5.63%	\$836.66	\$1,019.91	\$1,293.07	\$1,743.81	\$2,628.69
	6.13%	\$836.66	\$1,019.91	\$1,293.07	\$1,743.81	\$2,628.69

Table 1: Sensitivity Analysis

Investment Risk

Introduction

Lockheed Martin, a leading defence technology company, plays a crucial role in national security and technological innovation. However, understanding the potential negative industry risks is essential for evaluating its investment thesis. This report explores various risks, including governance issues, political influences, economic conditions, market volatility, operational challenges, and financial regulatory concerns.

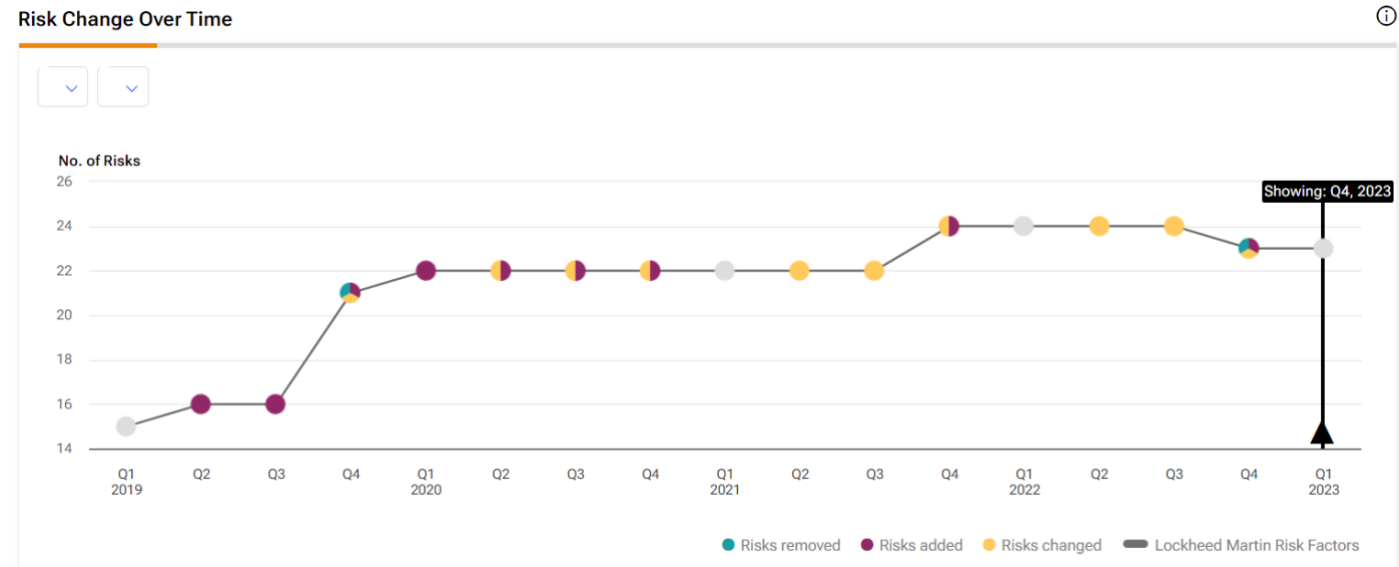


Figure 4: Potential Negative Industry Risks for Lockheed Martin (Source: LMT Sustainability Report)

Company Developments and Investment Risks

Recent developments at Lockheed Martin, including advancements in artificial intelligence and sustainability initiatives, aim to enhance operational efficiency and product offerings. However, these innovations may not yield the expected returns, posing risks to the investment thesis. Increased competition in the defence sector could further complicate market dynamics.

According to Macro axis, Lockheed Martin's stock has shown a steady performance with a Sharpe Ratio of 0.38, indicating a moderate return per unit of risk over the last three months. However, the company's volatility, measured by a standard deviation of 1.09, suggests that investors should be cautious of price fluctuations.

Types of Risks

Lack of Independence among Board of Directors: The composition of Lockheed Martin's Board of Directors raises concerns regarding

independence. A lack of diverse perspectives may lead to conflicts of interest, affecting governance and decision-making processes. The board's

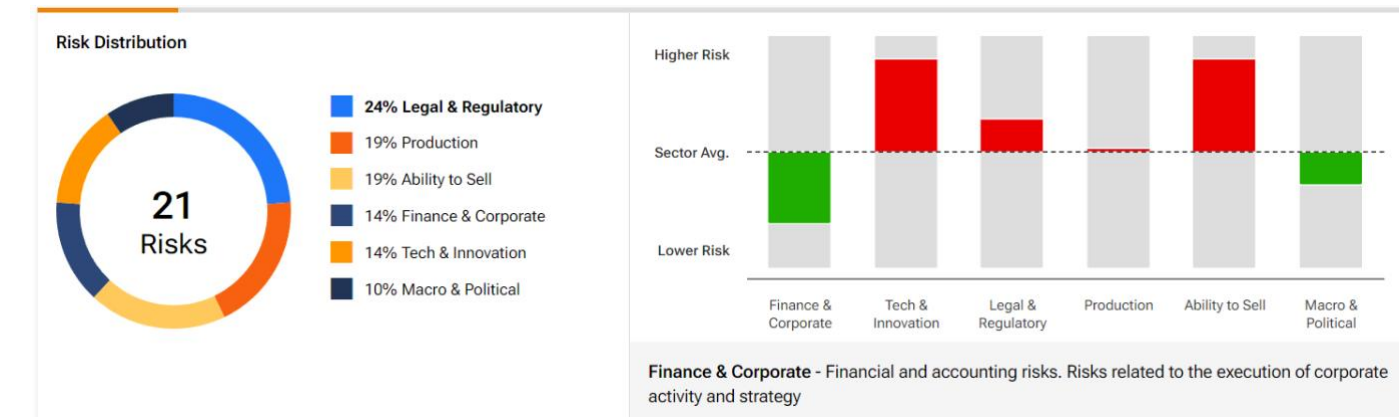


Figure 5: Stock Price Trends in Relation to Recent Developments (Source: LMT Sustainability Report)

effectiveness is critical in navigating the complex landscape of defence contracts and regulatory compliance.

Political Risk: Political changes, particularly during Trump's administration, have significant implications for defence spending and policy. Shifts in government priorities could impact Lockheed Martin's contracts and revenue streams. The current political climate may also introduce uncertainties that affect investor confidence.

Economic Risk: Economic downturns can lead to reduced defence budgets, affecting Lockheed Martin's financial performance. Global economic conditions, including inflation and supply chain disruptions, pose additional challenges. The company's reliance on government contracts makes it particularly vulnerable to economic fluctuations.

Market Risks: Market volatility can significantly impact Lockheed Martin's stock price. Fluctuations in investor sentiment and broader market trends may lead to unpredictable stock performance.

Conclusion

In summary, Lockheed Martin faces several potential negative industry risks that could impact its investment thesis. Investors should consider these risks, including governance issues, political and economic uncertainties, market volatility, operational challenges, and financial regulatory concerns, when evaluating the company's prospects. The insights from Macro axis highlight the importance of understanding both the quantitative and qualitative aspects of these risks.

Macro axis indicates that Lockheed Martin's beta is close to zero, suggesting that its stock price movements are not strongly correlated with the overall market, which can be both a risk and an opportunity.

Operational Risk: Operational risks, including supply chain disruptions and production delays, can hinder Lockheed Martin's ability to meet contractual obligations. These challenges may result in financial penalties and reputational damage. The company's commitment to sustainability may also complicate operational decisions, as it seeks to balance environmental goals with production efficiency.

Financial and Regulatory Issues: Lockheed Martin faces various legal proceedings that could have financial implications. Regulatory changes may also affect operational practices, leading to increased compliance costs. The company's proactive approach to governance and ethics is essential in mitigating these risks.

Environmental and Social Governance Report

Carbon Emissions and Energy Usage

By 2030, reduce scope 1 and 2 absolute carbon emissions by 36% from a 2020 baseline. Additionally, By 2030, match 40 % of electricity used across Lockheed Martin global operations with electricity produced from renewable sources.

Lockheed is committed to achieving prevention of emissions. In this regard, for instance, in 2023, the company was able to reduce Scope 1 and 2 GHG emissions by 13.6% which did surpass their 10.8% target compared to their 2020 levels of emissions. The company also aims to make emission reduction more effective with a 36 percent mitigation target by 2030 and has achieved 24 percent of renewable electricity consumption in its operations and targeting 40 percent by 2030. Lockheed is committed to achieving prevention of emissions. In this regard, for instance, in 2023, the company was able to reduce Scope 1 and 2 GHG emissions by 13.6% which did surpass their 10.8% target compared to their 2020 levels of emissions. The

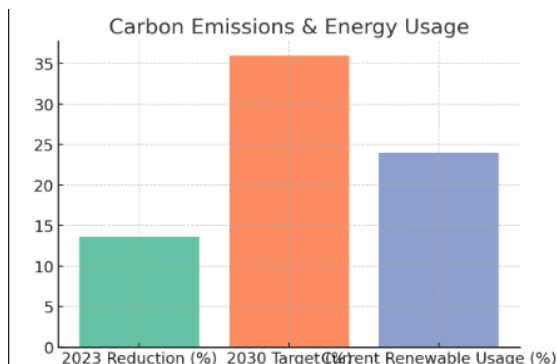


Figure 6 Carbon Emissions & Energy Use (Source: LMT Sustainability Report)

company also aims to make emission reduction more effective with a 36 percent mitigation target by 2030 and has achieved 24 percent of renewable electricity consumption in its operations and targeting 40 percent by 2030.

Waste and Hazardous Materials Management

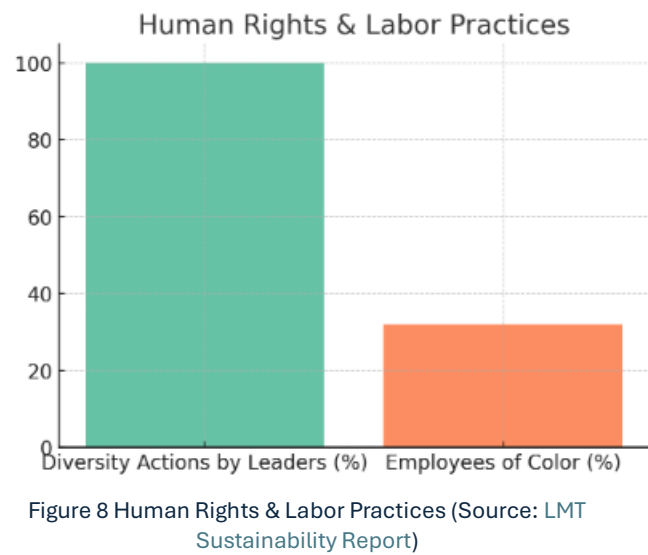
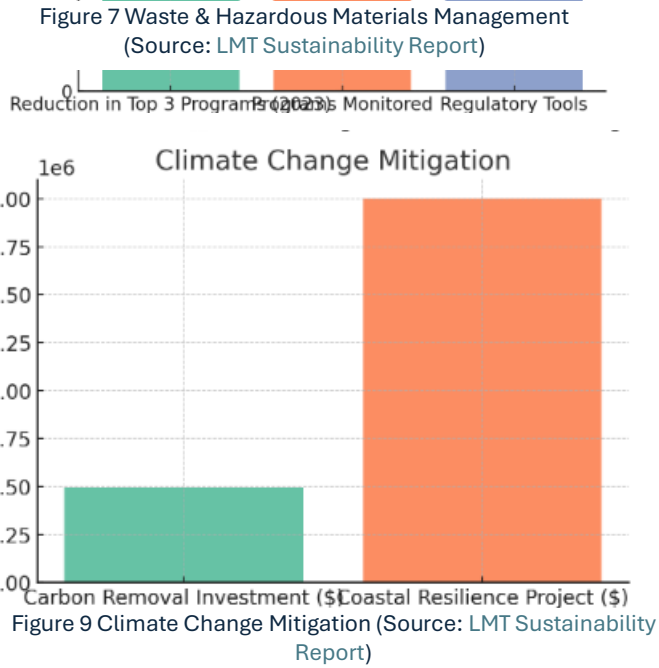
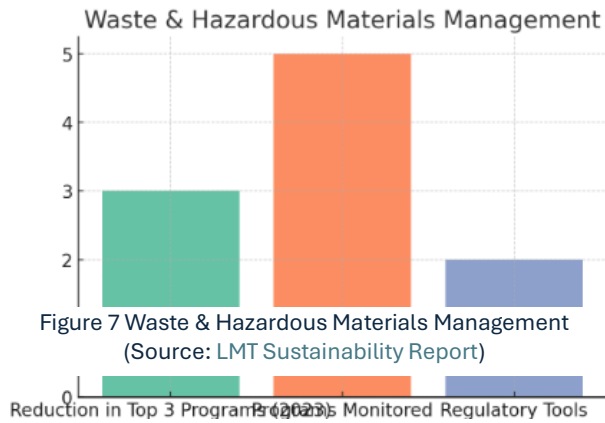
Lockheed Martin remains committed to reducing the amount of hazardous chemicals being employed. From 2020 through 2023, three out of the top five programs experiencing annual growth in revenue, reported a decrease in Priority Chemicals used per revenue unit. In addition, effort is being placed towards managing global regulations such as using the Restricted Chemicals Avoidance Tool which is aimed at the reduction of toxic chemicals in product designs.

Climate Change Mitigation

The integration of climate risks into the company has been done through a partnership with such organizations like The Nature Conservancy mainly focusing on promoting activities such as coastal resilience and marshlands protection. In addition, the company also invested \$495,000 towards carbon removal technologies in the year 2023.

Social Factors

- Human Rights and Labor Practices:** Lockheed Martin focuses on diversity, inclusion and safety of the workforce. In 2023, all their leaders took part in diversity and inclusion-related actions. The company retained its share of the female employees that was supplemented by 32% of employees of color. Lockheed Martin demonstrates strong community involvement, particularly in education and veteran support. Their STEM initiatives and scholarships contribute to developing a skilled workforce. The company prioritizes workplace diversity and inclusion through targeted programs and partnerships. Employee satisfaction is a key focus, with competitive benefits and regular feedback mechanisms in place. Lockheed Martin also maintains strict ethical standards, including policies to prevent human rights violations in its supply chain.
- Workplace Safety:** The Company’s and the employees’ safety performance has improved with the use of some initiatives such as the Target Zero Leader Program. Their severity rate for occupational injuries improved in 2023 focusing on ergonomics and process improvements.
- Community Engagement:** Lockheed Martin engages in ethical business and ethical citizenship. They’ve instituted programs such as the upstander campaign to inform the workforce on the issue of harassment and intervention of bystanders.
- Governance Factors:**



Lockheed Martin Limited's governance structure can be described as sound. In the year 2023, every single one of its employees completed the compulsory training regarding ethical business conduct and anti-corruption, this being 100% completion rate. However, by comparison of earlier years, the company improved itself in observed misconduct scoring a low 28%. The company's board of directors is characterized by its diversity and expertise, with a significant proportion of independent members to ensure unbiased decision-making. A well-structured audit committee oversees financial reporting and risk management. Lockheed Martin's executive compensation is transparent and performance-based, aligning with shareholder interests. The company emphasizes succession planning to maintain leadership continuity. Robust anti-corruption policies and regular ethics training reinforce a culture of integrity throughout the organization.

- **Data Security and Artificial Intelligence (AI) Ethics**

Lockheed Martin also pays attention to data security/safety and ethics considering AI initiatives, setting a target of having all its AI developers educated in ethical issues by the year 2025. They made advances such as the AI Factory of which conforms with rules on artificial intelligence development set by the United States government.

- **Transparency & Reporting**

The reporting of the company is consistent with GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board), which is invaluable in fostering accountability. Their SMP for Sustainability Management (2025) contains specific indicators to assess the progress made towards the plans for environmental and societal objectives.

Industry-Specific ESG Risks

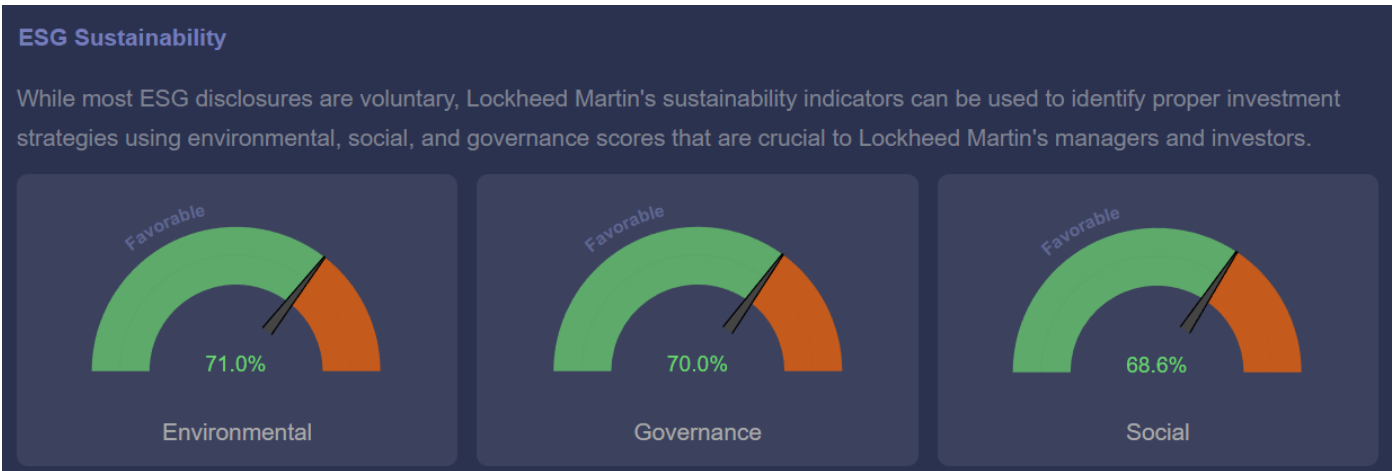


Figure 12: ESG Sustainability (Source: Macroaxis's LMT Report)

- **Concerns In Defense Industry**

ESG risks associated with the product impact as well as technology-related ethical concerns are common features in the operations of Lockheed Martin defense contractor. The company tackles these issues through Ethics in Engineering programs and compliance with high legal standards.

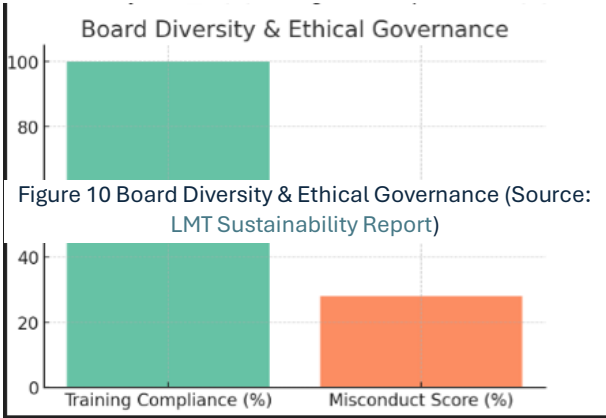


Figure 10 Board Diversity & Ethical Governance (Source: LMT Sustainability Report)

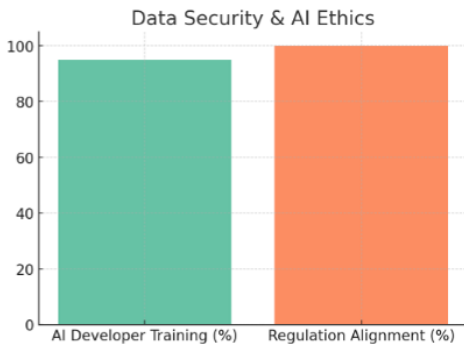


Figure 11 Data Security & AI Ethics (Source: LMT Sustainability Report)

- **Benchmarking and Comparisons**

Other leading aerospace and defence companies, such as Boeing and Northrop Grumman, have similar sustainability efforts. The company focuses on reducing carbon emissions and increasing renewable energy usage, like its peers. The business's usage of 24% renewable energy is in line with current trends, but it's still behind some of its peers, who have loftier goals for embracing renewable energy. Lockheed Martin has made significant progress in reducing Scope 1 and 2 emissions by 2023, which is on track toward a 36% reduction goal by 2030. Compared to Northrop Grumman, which reported similar sustainability efforts, it places more emphasis on advancing sustainable innovations in space technologies. Boeing has also targeted similar reductions in greenhouse gas emissions but has set a more ambitious net-zero carbon emission goal by 2050.

- **Ethical Rating Systems**

MSCI ESG Rating: A strong ESG performance with a particular emphasis on governance and environmental responsibility is reflected in Lockheed Martin's AA rating.

CDP Climate Change Score: There's room for improvement in implementing comprehensive climate strategies, despite Lockheed Martin's B-grade in the Climate Change Program.

- **Risk Management**

Lockheed Martin's Robust ESG Risk Management Framework Lockheed Martin, a leading defence and aerospace company, has demonstrated a comprehensive approach to Environmental, Social, and Governance (ESG) risk management. The company's framework addresses a wide range of environmental and social risks, including vulnerabilities within its supply chain and the use of hazardous chemicals. To manage these risks, Lockheed Martin has established a dedicated Critical Materials Management team and developed the Restricted Chemicals Avoidance Tool. These initiatives help the company mitigate the risks associated with supply shortages and ensure regulatory compliance. Furthermore, Lockheed Martin's involvement in the International Aerospace Environmental Group (IAEG) enhances its risk mitigation efforts by collaborating with industry peers on emerging chemical risk assessments. By proactively identifying and addressing ESG-related risks, Lockheed Martin aims to safeguard its operations, protect the environment, and maintain compliance with relevant regulations. This multifaceted approach demonstrates the company's commitment to responsible business practices and its dedication to minimizing the potential impact of environmental and social risks on its operations and stakeholders. Lockheed Martin's robust ESG risk management framework serves as a model for other organizations in the aerospace and defence industry, showcasing the importance of adopting comprehensive strategies to identify, assess, and mitigate a wide range of ESG-related risks. Through continuous improvement, collaboration, and a focus on sustainability, Lockheed Martin strives to maintain its position as a leader in responsible corporate stewardship.

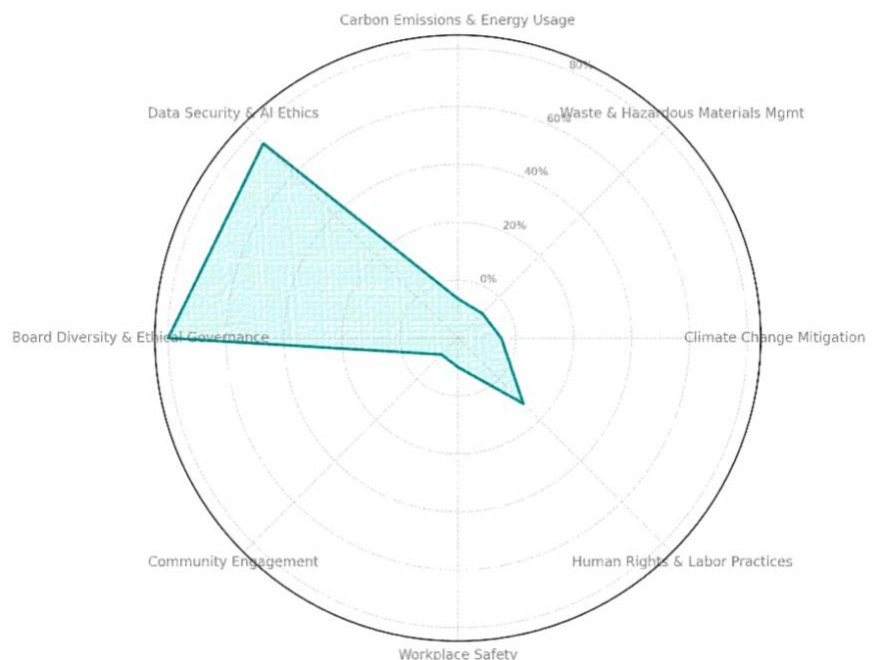


Figure 13 Carbon Emission & Energy Uses(Source: Macroaxis's LMT Report)

- **Opportunities for ESG Improvement**

There are areas where Lockheed Martin could improve its ESG performance, particularly in expanding renewable energy use and advancing diversity in leadership. While 24% of their energy is sourced from renewables, increasing this figure to their goal of 40% by 2030 could offer significant opportunities for growth. Additionally, enhancing leadership diversity remains an opportunity, especially since representation of women in executive roles is still relatively low at 25.3%.

- **Investment and Innovation**

Lockheed Martin's investment in innovative sustainable technologies is exemplified by its contributions to carbon removal technologies, including nature-based solutions and reforestation projects. In 2023, they invested \$495,000 in such efforts. Furthermore, their AI Factory and advancements in 5G.MIL technologies are examples of how innovation can align with ESG goals while contributing to responsible digital transformation.

- **Stakeholder Engagement**

Lockheed Martin actively engages with investors and NGOs on ESG issues, illustrated by its partnership with The Nature Conservancy to support climate resilience through a \$2 million project for coastal marshland protection. This project also supports engagement with policymakers to foster equitable climate adaptation strategies. Lockheed Martin promotes ESG compliance throughout its supply chain, incorporating counterfeit parts prevention measures and providing suppliers with training on hazardous materials management.

- **Cost Implications of ESG Initiatives**

Lockheed Martin's ESG initiatives are yielding long-term cost savings. For example, energy efficiency projects completed in 2023 are estimated to save \$3.2 million annually, driven by efforts such as lighting upgrades and compressed air system improvements. Additionally, investments in sustainable materials, such as those used in the F-35 Lightning II manufacturing process, contribute to lower costs while reducing environmental impacts.

- **Revenue from ESG-friendly Products**

Lockheed Martin's commitment to developing energy-efficient defence systems and sustainable innovations in manufacturing, such as VOC reduction projects, offers the potential to drive revenue growth while aligning with ESG goals. Their focus on AI-driven technologies and 5G.MIL® could further expand their ESG-aligned product portfolio.

- **ESG-related Risks to Business Model**

The increasing focus on ESG and climate change regulations poses potential risks to Lockheed Martin's traditional business model, especially in the defence sector. Stricter regulations on emissions and hazardous chemicals could disrupt operations if the company does not continue to innovate and adapt.

Disclosure

This report was prepared independently, using publicly available information from Lockheed Martin Corporation's 2023 financial and sustainability reports. None of us involved hold any ownership interest in Lockheed Martin or its affiliates, nor are we any known conflicts of interest that could affect the opinions. Additionally, our group has not received compensation from Lockheed Martin, its affiliates, or any related entities for this report. All analyses and recommendations are based solely on publicly available data.

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Appendix

Lockheed Martin Corporation Consolidated Statements of Earnings (in millions, except per share data)

	Years Ended December 31,		
	2023	2022	2021
Net sales			
Products	\$ 56,265	\$ 55,466	\$ 56,435
Services	11,306	10,518	10,609
Total net sales	67,571	65,984	67,044
Cost of sales			
Products	(50,206)	(49,357)	(50,017)
Services	(10,027)	(9,252)	(9,434)
Severance and other charges	(92)	(100)	(36)
Other unallocated, net	1,233	1,012	1,504
Total cost of sales	(59,092)	(57,697)	(57,983)
Gross profit	8,479	8,287	9,061
Other income, net	28	61	62
Operating profit	8,507	8,348	9,123
Interest expense	(916)	(623)	(569)
Non-service FAS pension income (expense)	443	(971)	(1,292)
Other non-operating income (expense), net	64	(74)	288
Earnings before income taxes	8,098	6,680	7,550
Income tax expense	(1,178)	(948)	(1,235)
Net earnings	\$ 6,920	\$ 5,732	\$ 6,315
Earnings per common share			
Basic	\$ 27.65	\$ 21.74	\$ 22.85
Diluted	\$ 27.55	\$ 21.66	\$ 22.76

Lockheed Martin Corporation Consolidated Statements of Comprehensive Income (in millions)

	Years Ended December 31,		
	2023	2022	2021
Net earnings	\$ 6,920	\$ 5,732	\$ 6,315
Other comprehensive income, net of tax			
Postretirement benefit plans			
Net actuarial (loss) gain recognized due to plan remeasurements, net of tax of \$181 million in 2023, \$518 million in 2022 and \$925 million in 2021	(689)	1,873	3,404
Amortization of actuarial losses and prior service credits, net of tax of \$40 million in 2023, \$18 million in 2022 and \$130 million in 2021	(149)	69	477
Pension settlement charge, net of tax of \$314 million in 2022 and \$355 million in 2021	—	1,156	1,310
Other, net, net of tax of \$6 million in 2023, \$2 million in 2022 and \$11 million in 2021	58	(115)	(76)
Other comprehensive income, net of tax	(780)	2,983	5,115
Comprehensive income	\$ 6,140	\$ 8,715	\$ 11,430

Lockheed Martin Corporation
Consolidated Statements of Cash Flows
(in millions)

	Years Ended December 31,		
	2023	2022	2021
Operating activities			
Net earnings	\$ 6,920	\$ 5,732	\$ 6,315
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	1,430	1,404	1,364
Stock-based compensation	265	238	227
Deferred income taxes	(498)	(757)	(183)
Pension settlement charge	—	1,470	1,665
Severance and other charges	92	100	36
Changes in:			
Receivables, net	373	(542)	15
Contract assets	(865)	(1,739)	(1,034)
Inventories	(44)	(107)	564
Accounts payable	151	1,274	(98)
Contract liabilities	702	381	562
Income taxes	(133)	148	45
Qualified defined benefit pension plans	(378)	(412)	(267)
Other, net	(95)	612	10
Net cash provided by operating activities	7,920	7,802	9,221
Investing activities			
Capital expenditures	(1,691)	(1,670)	(1,522)
Other, net	(3)	(119)	361
Net cash used for investing activities	(1,694)	(1,789)	(1,161)
Financing activities			
Issuance of long-term debt, net of related costs	1,975	6,211	—
Repayments of long-term debt	(115)	(2,250)	(500)
Repurchases of common stock	(6,000)	(7,900)	(4,087)
Dividends paid	(3,056)	(3,016)	(2,940)
Other, net	(135)	(115)	(89)
Net cash used for financing activities	(7,331)	(7,070)	(7,616)
Net change in cash and cash equivalents	(1,105)	(1,057)	444
Cash and cash equivalents at beginning of year	2,547	3,604	3,160
Cash and cash equivalents at end of year	\$ 1,442	\$ 2,547	\$ 3,604

Lockheed Martin Corporation
Consolidated Balance Sheets
(in millions, except par value)

	December 31,	
	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,442	\$ 2,547
Receivables, net	2,132	2,505
Contract assets	13,183	12,318
Inventories	3,132	3,088
Other current assets	632	533
Total current assets	20,521	20,991
Property, plant and equipment, net	8,370	7,975
Goodwill	10,799	10,780
Intangible assets, net	2,212	2,459
Deferred income taxes	2,953	3,744
Other noncurrent assets	7,601	6,931
Total assets	\$ 52,456	\$ 52,880
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 2,312	\$ 2,117
Salaries, benefits and payroll taxes	3,133	3,075
Contract liabilities	9,190	8,488
Current maturities of long-term debt	168	118
Other current liabilities	2,134	2,089
Total current liabilities	16,937	15,887
Long-term debt, net	17,291	15,429
Accrued pension liabilities	6,162	5,472
Other noncurrent liabilities	5,231	6,826
Total liabilities	45,621	43,614
Stockholders' equity		
Common stock, \$1 par value per share	240	254
Additional paid-in capital	—	92
Retained earnings	15,398	16,943
Accumulated other comprehensive loss	(8,803)	(8,023)
Total stockholders' equity	6,835	9,266
Total liabilities and equity	\$ 52,456	\$ 52,880

Lockheed Martin Corporation
Consolidated Statements of Equity
(in millions, except per share data)

	Common Stock	Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests in Subsidiary	Total Equity
Balance at December 31, 2020	\$ 279	\$ 221	\$ 21,636	\$ (16,121)	\$ 6,015	\$ 23	\$ 6,038
Net earnings	—	—	6,315	—	6,315	—	6,315
Other comprehensive loss, net of tax	—	—	—	5,115	5,115	—	5,115
Repurchases of common stock	(9)	(671)	(3,407)	—	(4,087)	—	(4,087)
Dividends declared (\$10.60 per share)	—	—	(2,944)	—	(2,944)	—	(2,944)
Stock-based awards, ESOP activity and other	1	544	—	—	545	—	545
Net decrease in noncontrolling interests in subsidiary	—	—	—	—	—	(23)	(23)
Balance at December 31, 2021	\$ 271	\$ 94	\$ 21,600	\$ (11,006)	\$ 10,959	\$ —	\$ 10,959
Net earnings	—	—	5,732	—	5,732	—	5,732
Other comprehensive income, net of tax	—	—	—	2,983	2,983	—	2,983
Repurchases of common stock	(18)	(503)	(7,379)	—	(7,900)	—	(7,900)
Dividends declared (\$11.40 per share)	—	—	(3,010)	—	(3,010)	—	(3,010)
Stock-based awards, ESOP activity and other	1	501	—	—	502	—	502
Balance at December 31, 2022	\$ 254	\$ 92	\$ 16,943	\$ (8,023)	\$ 9,266	\$ —	\$ 9,266
Net earnings	—	—	6,920	—	6,920	—	6,920
Other comprehensive income, net of tax	—	—	—	(780)	(780)	—	(780)
Repurchases of common stock	(15)	(571)	(5,414)	—	(6,000)	—	(6,000)
Dividends declared (\$12.15 per share)	—	—	(3,051)	—	(3,051)	—	(3,051)
Stock-based awards, ESOP activity and other	1	479	—	—	480	—	480
Balance at December 31, 2023	\$ 240	\$ —	\$ 15,398	\$ (8,803)	\$ 6,835	\$ —	\$ 6,835

Disaggregation of Net Sales

Net sales by products and services, contract type, customer category and geographic region for each of our business segments were as follows (in millions):

	2023				
	Aeronautics	MFC	RMS	Space	Total
Net sales					
Products	\$ 22,758	\$ 9,919	\$ 12,913	\$ 10,675	\$ 56,265
Services	4,716	1,334	3,326	1,930	11,306
Total net sales	\$ 27,474	\$ 11,253	\$ 16,239	\$ 12,605	\$ 67,571
Net sales by contract type					
Fixed-price	\$ 18,664	\$ 7,661	\$ 10,403	\$ 3,276	\$ 40,004
Cost-reimbursable	8,810	3,592	5,836	9,329	27,567
Total net sales	\$ 27,474	\$ 11,253	\$ 16,239	\$ 12,605	\$ 67,571
Net sales by customer					
U.S. Government	\$ 18,311	\$ 7,769	\$ 10,961	\$ 12,382	\$ 49,423
International ^(a)	9,034	3,473	4,983	154	17,644
U.S. commercial and other	129	11	295	69	504
Total net sales	\$ 27,474	\$ 11,253	\$ 16,239	\$ 12,605	\$ 67,571
Net sales by geographic region					
United States	\$ 18,440	\$ 7,780	\$ 11,256	\$ 12,451	\$ 49,927
Europe	4,898	786	1,265	62	7,011
Asia Pacific	2,800	687	2,275	89	5,851
Middle East	987	1,844	721	2	3,554
Other	349	156	722	1	1,228
Total net sales	\$ 27,474	\$ 11,253	\$ 16,239	\$ 12,605	\$ 67,571

Our total debt consisted of the following (in millions):

	2023	2022
Notes		
4.95% due 2025	\$ 500	\$ 500
3.55% due 2026	1,000	1,000
5.10% due 2027	750	750
4.45% due 2028	500	—
1.85% due 2030	400	400
3.90% due 2032	800	800
5.25% due 2033	1,000	1,000
4.75% due 2034	850	—
3.60% due 2035	500	500
4.50% and 6.15% due 2036	1,054	1,054
4.07% due 2042	1,336	1,336
3.80% due 2045	1,000	1,000
4.70% due 2046	1,326	1,326
2.80% due 2050	750	750
4.09% due 2052	1,578	1,578
4.15% due 2053	850	850
5.70% due 2054	1,000	1,000
5.20% due 2055	650	—
4.30% due 2062	650	650
5.90% due 2063	750	750
Other notes with rates from 4.85% to 8.50%, due 2024 to 2041	1,479	1,598
Total debt	18,723	16,842
Less: unamortized discounts and issuance costs	(1,264)	(1,295)
Total debt, net	17,459	15,547
Less: current portion	(168)	(118)
Long-term debt, net	\$ 17,291	\$ 15,429

Income Statement		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue		\$59,812.00	\$65,398.00	\$67,044.00	\$65,984.00	\$67,571.00	\$69,663.19	\$71,820.16	\$74,043.91	\$76,336.52	\$78,700.12
Revenue Growth Percentage		-	9.34%	2.52%	-1.58%	2.41%	3.10%	3.10%	3.10%	3.10%	3.10%
EBIT		\$8,545.00	\$8,644.00	\$7,423.00	\$6,814.00	\$8,507.00	\$8,567.49	\$8,832.77	\$9,106.26	\$9,388.21	\$9,678.79
EBIT as % of Revenue		14.29%	13.22%	11.07%	10.33%	12.59%	12.30%	12.30%	12.30%	12.30%	12.30%
Tax		\$1,011.00	\$1,347.00	\$1,235.00	\$948.00	\$1,178.00	\$1,230.50	\$1,268.60	\$1,307.88	\$1,348.37	\$1,390.12
Tax as % of Revenue		11.83%	15.58%	16.64%	13.91%	13.85%	14.36%	14.36%	14.36%	14.36%	14.36%
Cash Flow		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Depreciation		\$1,189.00	\$1,290.00	\$1,364.00	\$1,404.00	\$1,430.00	\$1,426.56	\$1,470.73	\$1,516.27	\$1,563.22	\$1,611.62
Depreciation as % of Revenue		1.99%	1.97%	2.03%	2.13%	2.12%	2.05%	2.05%	2.05%	2.05%	2.05%
Capital Expenditure (CapEx)		\$1,484.00	\$1,766.00	\$1,522.00	\$1,670.00	\$1,691.00	\$1,739.51	\$1,793.37	\$1,848.89	\$1,906.14	\$1,965.16
CapEx as % of Revenue		2.48%	2.70%	2.27%	2.53%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Working Capital (WC)		\$468.00	\$376.00	\$203.00	\$385.00	\$289.00	\$372.19	\$383.71	\$395.59	\$407.84	\$420.47
WC as % of Revenue		0.78%	0.57%	0.30%	0.58%	0.43%	0.53%	0.53%	0.53%	0.53%	0.53%
DCF Model							2024	2025	2026	2027	2028
EBIAT							\$7,337.00	\$7,564.17	\$7,798.38	\$8,039.84	\$8,288.77
UFCF							\$6,651.86	\$6,857.82	\$7,070.16	\$7,289.07	\$7,514.76
Present Value of FCF							\$6,327.00	\$6,204.34	\$6,084.06	\$5,966.11	\$5,850.44
Terminal Value							\$380,105.11				
PV of Terminal Value							\$295,921.86				
Enterprise Value							\$326,353.81				
Equity Value							\$310,336.81				
Shares							240.00				
Share Price							\$1,293.07				