

# ModernGraham Valuation

## Company Name:

Company Ticker LMT  
Date of Analysis

Lockheed Martin Corporation

6/10/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$73,333,674,587	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.06	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	51.01%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.95	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	23.31	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.06	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	16.75	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$10.96
MG Growth Estimate	5.51%
<b>MG Value</b>	<b>\$213.93</b>
MG Value based on 3% Growth	\$158.96
MG Value based on 0% Growth	\$93.18
Market Implied Growth Rate	6.72%

### MG Opinion

Current Price	\$240.58
% of Intrinsic Value	112.46%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$101.41
Graham Number	\$52.34
PEmg	21.95
Current Ratio	1.06
PB Ratio	23.31
Current Dividend	\$6.30
Dividend Yield	2.62%
Number of Consecutive Years of Dividend Growth	14

### Useful Links:

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$11.67	Next Fiscal Year Estimate	\$10.96
2015-12	\$11.46	2015-12	\$10.27
2014-12	\$11.21	2014-12	\$9.41
2013-12	\$9.13	2013-12	\$8.41
2012-12	\$8.36	2012-12	\$8.02
2011-12	\$7.81	2011-12	\$7.80
2010-12	\$7.94	2010-12	\$7.63
2009-12	\$7.78	2009-12	\$7.16
2008-12	\$7.86	2008-12	\$6.41
2007-12	\$7.10	2007-12	\$5.27
2006-12	\$5.80	2006-12	\$3.98
2005-12	\$4.10	2005-12	\$2.57
2004-12	\$2.83	2004-12	\$1.38
2003-12	\$2.34	2003-12	\$0.48
2002-12	\$1.11	2002-12	-\$0.23
2001-12	-\$2.45	2001-12	-\$0.72
2000-12	-\$1.29	2000-12	\$0.35
1999-12	\$0.99	<b>Balance Sheet Information 3/1/2016</b>	
1998-12	\$2.63	Total Current Assets	\$15,767,000,000
1997-12	-\$1.56	Total Current Liabilities	\$14,912,000,000
1996-12	\$3.02	Long-term Debt	\$14,320,000,000
		Total Assets	\$50,158,000,000
		Intangible Assets	\$17,704,000,000
		Total Liabilities	\$46,981,000,000
		Shares Outstanding (Diluted Average)	307,800,000





**Disclaimer:**

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

**Recommended Reading:**

**Other ModernGraham posts about the company**

- [34 Companies in the Spotlight This Week – 2/7/15](#)
- [Lockheed Martin Corporation Annual Valuation – 2015 \\$LMT](#)
- [14 Companies in the Spotlight This Week – 1/25/14](#)
- [Lockheed Martin Corporation \(LMT\) Annual Valuation](#)

**Other ModernGraham posts about related companies**

- [United Technologies Corporation Valuation – May 2016 \\$UTX](#)
- [Raytheon Co Valuation – February 2016 \\$RTN](#)
- [Rockwell Collins Inc Valuation – January 2016 Update \\$COL](#)
- [Rockwell Collins Inc Valuation – January 2016 Update \\$COL](#)
- [General Dynamics Corporation Valuation – January 2016 Update \\$GD](#)
- [Precision Castparts Corporation Valuation – January 2016 Update \\$PCP](#)
- [United Technologies Corp Valuation – November 2015 Update \\$UTX](#)
- [Northrop Grumman Corporation Valuation – November 2015 Update \\$NOC](#)
- [Raytheon Company Valuation – October 2015 Update \\$RTN](#)
- [Precision Castparts Corporation Analysis – October 2015 Update \\$PCP](#)