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VALUING LEIDOS AND LOCKHEED MARTIN

Introduction

The case entitled “Valuing Leidos and Lockheed Martin” analyzes two prime contractors engaged in the US defense market. In this case, it is crucial to learn the major measures and approaches that may be used in an evaluation of these firms’ value and their prospects.

Lockheed Martin

Leidos Holdings, Inc., is technology, engineering, and defense solutions specialist while on the other hand Lockheed Martin Corporation is one of the biggest global defense contractor specializing in aerospace, defense, arms and security. The two companies are in a competitive industry and revenues and profits are derived from government contracts and innovative technologies.

Key Valuation Metrics

In the valuation process of the case, the primary financial ratios used are the P/E ratio, the P/B ratio and the ROE. These values give information on the solvency, revenues and the market image of the two parties. Lockheed Martin also has a high P/E ratio implying that the market expects a lot of future growth for the firm, and Leidos being a technology business is a growth business with even higher potential.

Conclusion

All in all, the case underscores the need for students to learn on the basics of financial ratios and how to apply the valuation models to the firm's operating in the tightly regulated sectors. The assessment of Leidos and Lockheed Martin reveals how industry posture and forces influence their market capitalization and business opportunities.

Recommendation

This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.

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