



Rating
Buy

North America
United States

Industrials
Aerospace & Defense
Electronics

Company
**General Dynamics
Alert**

Reuters GD.N Bloomberg GD UN Exchange NYS Ticker GD

Date
19 May 2015

Breaking News

| | |
|----------------------------|-----------------|
| Price at 19 May 2015 (USD) | 140.28 |
| Price Target | 166.00 |
| 52-week range | 145.36 - 113.08 |

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(+1) [REDACTED]
[REDACTED]

Discretion only Gulfstream can pull off

General Dynamics announced this morning an expansion of Qatar Executive's order for G500, G600, and G650 Gulfstream business jets, from "up to 20 aircraft" to "up to 30 aircraft." In perspective, Gulfstream builds 110-120 aircraft/year. It is unclear how many of the 30 aircraft are firm orders, but from the release we posit that some solid order activity should drop into backlog in 2Q with the final deal just signed.

As important and without fanfare—indicative of the discretion in the Gulfstream brand—was the announcement that the G500 had its first flight yesterday. We continue to see the program nicely ahead of schedule (~6mo) vs. the advertised certification set for 2017 and entry into service in 2018.

Stock & option liquidity data

| | |
|-------------------------------------|----------|
| Market Cap (USD) | 45,253.9 |
| Shares outstanding (m) | 322.6 |
| Free float (%) | 100 |
| Volume (19 May 2015) | 277,912 |
| Option volume (und. shrs., 1M avg.) | 676,521 |

Source: Deutsche Bank

Key data

| FYE 12/31 | 2014A | 2015E | 2016E |
|---------------|-------|-------|-------|
| 1Q EPS | 1.71 | 2.14A | - |
| 2Q EPS | 1.88 | 1.99 | - |
| 3Q EPS | 2.05 | 2.12 | - |
| 4Q EPS | 2.20 | 2.29 | - |
| FY EPS (USD)) | 7.83 | 8.54 | 8.89 |
| P/E (x) | 15.2 | 16.4 | 15.8 |

Source: Deutsche Bank

Deutsche Bank Securities Inc.

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