17 Jun 2026 01:16:43 ET | 15 pages

# US Aerospace & Defense

## Chart of the Day: Raising Conviction In Buying Laggards, Positive RTX Catalyst-Watch

**CITI'S TAKE**

Our intra-Q work has flagged a wide range of KPIs that have and continue to trend favorably for commercial aerospace and aftermarket in particular (see *QTD KPIs From GE/Others Reinforce Our View on Aftermarket Stocks*, *Military Aviation Aftermarket Heating Up…*). Now, falling fuel prices only reinforce our view that commercial aftermarket stocks bottomed post 1Q EPS and are poised for 2Q beats/raises (see *Time to Revisit Aftermarket Stocks*, *Aftermarket Already On Track For 2Q Beats…*). With tail risks falling and global capacity growth poised to reaccelerate, we are raising conviction in our view that investors should buy aerospace/aftermarket exposed laggards into 2Q26 EPS (see *Buy Aftermarket Laggards LOAR, RTX, VSEC…*). In particular, we have issued a new, positive Catalyst-Watch on RTX. We believe RTX is uniquely well-positioned within our 'Aerospace First, Defense Next' tactical framework for buying dips across A&D (see *'Aerospace First, Defense Next' Becoming 'Defense Now'*).

John Godyn[AC]

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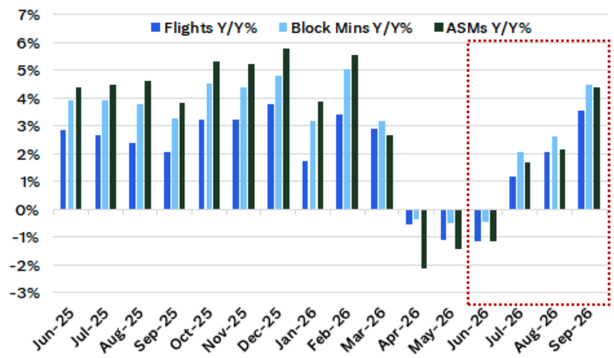
Jeremy E Jason

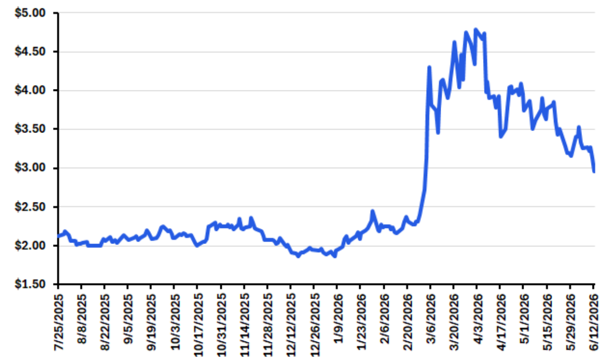
Figure 1. Global Commercial Flight Schedule Activity Y/Y%






Source: Citi Research, Diio

Figure 2. US Gulf Coast Jet Fuel Spot Time Series






Source: Citi Research, Company Reports

# General Electric

(GE.N; US$351.73; 1; 16 Jun 26; 16:00)

## Valuation

We derive our $353 Base Case Price Target for GE using the average of multiple valuation methodologies. Specifically, we apply a 30x EV/EBITDA Multiple to 2027 EBITDA and we apply a 39.7x P/E Multiple to 2027 EPS. These multiples are justified using historical valuation ranges in conjunction with trading relationships to fundamental factors such as margins, returns, growth and earnings momentum.

## Risks

Risks to our GE target price inlcude: Aerospace underperforming our price target include but are not limited to: decreased global passenger air travel, supply chain challenges impacting GE's parts availability, increased competition and failure to secure new programs as GE is the market share leader currently, and geopolitical and macro risks.

# HEICO Corp

(HEI.N; US$335.53; 1; 16 Jun 26; 16:00)

## Valuation

We derive our $403 base case price target for HEI using the average of multiple valuation methodologies. Specifically, we apply a 35x EV/EBITDA multiple to 2027 EBITDA and we apply a 56x P/E multiple to 2027 EPS. These multiples are justified, in our view, using historical valuation ranges in conjunction with trading relationships to fundamental factors such as margins, returns, growth, and earnings momentum.

## Risks

Risks for HEI not achieving our price target include but are not limited to: multiple compression if the company is unable to continue topline growth and margin expansion, impacts to the aviation aftermarket including increased retirement rates, unfavorable mix shifts to lower margin products, supply chain issues, and macro and geopolitical risks.

# LOAR Holdings Inc

(LOAR.N; US$67.78; 1; 16 Jun 26; 16:00)

## Valuation

We derive our $71 base case price target for LOAR using the average of multiple valuation methodologies. Specifically, we apply a 26x EV/EBITDA multiple to 2027 EBITDA and we apply a 42x P/E multiple to 2027 EPS. These multiples are justified, in our view, using historical valuation ranges in conjunction with trading relationships to fundamental factors such as margins, returns, growth, and earnings momentum.

## Risks

Risks for LOAR not achieving our price target include: not achieving operational synergies for acquisition targets, accelerated retirements of commercial aircraft, slower-than-expected organic growth in its end markets, broader supply chain issues impacting OE production rates, inflationary pressures, and geopolitical and macro risks.

# RTX Corporation

(RTX.N; US$186.77; 1; 16 Jun 26; 16:00)

## Valuation

We derive our $226 Base Case Price Target for RTX using the average of multiple valuation methodologies. Specifically, we apply a 18.1x EV/EBITDA Multiple to 2027 EBITDA and we apply a 29x P/E Multiple to 2027 EPS. These multiples are justified using historical valuation ranges in conjunction with trading relationships to fundamental factors such as margins, returns, growth and earnings momentum.

## Risks

Risks to RTX not achieving our price target include but are not limited to: impacts to global aircraft pas heightened retirement rate of V2500-equipped aircraft, changes to U.S. government defense spending procurement, impacts to foreign military sales for U.S. companies, unfavorable mix shifts, supply chain issu geopolitical risks.

# VSE Corp

(VSEC.O; US$199.12; 1; 16 Jun 26; 16:00)

## Valuation

We derive our $230 Base Case Price Target for VSEC using the average of multiple valuation methodologies. Specifically, we apply a 19x EV/EBITDA Multiple to 2027 EBITDA and we apply a 40x P/E Multiple to 2027 EPS. These multiples are justified using historical valuation ranges in conjunction with trading relationships to fundamental factors such as margins, returns, growth and earnings momentum.

## Risks

Risks for VSEC not achieving our price target include: not achieving operational synergies for acquisition targets, accelerated retirements of commercial aircraft, slower-than-expected organic growth in its end markets (commercial, business jets, and general aviation), broader supply chain issues impacting OE production rates, and geopolitical and macro risks.

If the impact on the company from any of these factors proves to be greater than we expect, the shares could underperform our target price.