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Aerospace & Defense | North America

Flyby: 2026 Upside for eVTOL and AAM Underappreciated by Market

While eVTOL & AAM names have come under pressure in the market to start the year, we see recent indications of momentum and several upcoming catalysts providing attractive opportunities in the sector in 2026.

Key Catalysts Ahead for eVTOL Names

Electric vertical take-off and landing (eVTOL) stocks have struggled so far this year, with Beta Technologies (BETA, OW rated), Joby Aviation (JOBY, EW rated), Archer Aviation (ACHR, not covered), Vertical Aerospace (EVTL, not covered), and Eve Air Mobility (EVEX, not covered), down by a median of ~24% since the start of the year, versus the S&P 500 roughly flat and the NASDAQ down ~3%. **We see this drawdown as overdone, and think it provides an attractive opportunity for the sector.** There are a number of catalysts in 2026 that could benefit eVTOL manufacturers, including meaningful progress toward aircraft certification and the launch of the Federal Aviation Administration's eVTOL and AAM Integration Pilot Program (eIPP). Recent events, such as positive progress highlighted at Eve's Investor Day, investor support for Amazon's investment in Beta, and Vertical's recent agreement with AHQ Group, a Saudi Arabian industrial conglomerate, point to accelerating momentum in the sector, in our view. We'll be hosting Beta and Joby for fireside chats at the Morgan Stanley Technology, Media & Telecom Conference in San Francisco, taking place from March 2 – 5, 2026. *Please contact your Morgan Stanley sales representative if you are interested in attending.*

Steep Decline in eVTOL Share Prices in 2026...

eVTOL share prices have declined sharply in 2026 YTD, on the back of overall risk-off sentiment towards emerging / high-growth sectors. eVTOL companies have significantly underperformed the S&P 500 and NASDAQ Composite indices. However, we note that Joby's underperformance is partially impacted by dilution from its ~\$1.2bn capital raise (~\$600mn convertible senior notes and ~\$600mn common stock, pre-greenhoe), priced on January 29, 2026.

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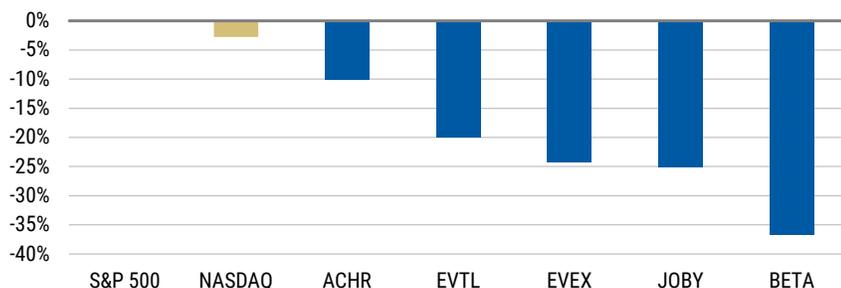
[Embraer: Recent Strategic Momentum Supports Long-Term Growth; Raise PT to \\$85](#)

[Flyby: Aerospace & Defense Activity Amidst 4Q25 Earnings](#)

[RBC Bearings Inc.: Growth Outlook Suggests Blue Skies Ahead; Raise PT to \\$600](#)

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Exhibit 1: Year-to-Date Stock Return

Source: FactSet, Morgan Stanley Research

... But Packed Calendar of 2026 Catalysts Provides Upside Opportunity

We see a multitude of catalysts in 2026 that could provide upward pressure for eVTOL stocks. The eIPP, a public-private partnership pilot intended to accelerate real-world deployment of eVTOL and other AAM operations, is set to kick into gear this year, with the first private-public partnerships to be announced in early March. Initial operations are projected to commence around June 2026, approximately 90 days following the execution of these agreements. Additionally, Beta, Joby, and Eve (~72% owned by Embraer) face other catalysts this year around flight certification and commercial production. For more information on the eIPP and a detailed calendar of other major catalysts this year, see [eVTOL and AAM Coming to a Sky Near You](#).

Eve Investor Day Offers Potential Roadmap to Commercialization

We attended Eve Air Mobility's Investor Day in Melbourne, Florida on Monday, February 9th. At the event, management highlighted a clear path to eVTOL certification and early operations across multiple regions, supported by a disciplined roadmap for execution. Eve's engineering prototype, built as a largely commercially representative eVTOL aircraft, completed its first test flight on December 19, 2025, and has flown 20 times for a total of ~47 minutes, with testing to date focused on hover and controllability, ahead of transition flights in early 2026, cruise testing by mid-2026, and a consolidated performance assessment by late 2026. Management also outlined a targeted early-operations strategy with initial entry-into-service routes and target markets identified across Brazil (including São Paulo), the United States (New York, Florida), Japan, and the Middle East, supporting early utilization and data collection ahead of broader network build-out. For further information on the event, and potential implications for Embraer (~72% owner of Eve), see [Recent Strategic Momentum Supports Long-Term Growth](#).

Amazon Disclosure of Beta Stake Sparks Interest in Stock

Amazon (covered by Brian Nowak) filed its 13G on Tuesday, February 10, 2026, disclosing its equity stake in Beta (Amazon's first 13G filed since Beta's IPO last November). The filing brought attention to Amazon's ~5% stake (which was previously included in Beta's S-1 filing) and sent Beta's stock up ~16% on Wednesday, February 11, 2026. We view the market reaction as indicative of growing interest in the sector and heightened investor focus on assessing which eVTOL

companies are best positioned to emerge as leaders across the competitive industry landscape.

Vertical Inks Deal with AHQ Group, Reflecting Expanding eVTOL Middle East Focus

Vertical announced on Tuesday, February 10, 2026 that it had signed a Memorandum of Understanding (MoU) with AHQ and the Saudi National Industrial Development Centre to collaborate on AAM development in Saudi Arabia. This MoU reflects the Middle East as an attractive opportunity area for eVTOL & AAM, with other players also foregrounding the region in their commercialization plans. For example, Joby has tested flights in Dubai and has four total planned vertiports there. Eve has also highlighted the Middle East as a growth area, with management projecting 1.5mn expected passengers per year in the region by 2032.

Aerospace & Defense Coverage

Exhibit 2: MS Estimates

MS Estimates		Rating	Price	YTD Stock Performance	Market Cap (\$mm)	EV (\$mm)	Price Target	% Upside	2026 Net Debt/EBITDA	CY26	EV/EBITDA			P/E			FCF Yield		
											CY27	CY28	CY26	CY27	CY28	CY26	CY27	CY28	
RTX-US	RTX	OW	\$201.14	9.7%	\$269,988	\$300,960	\$235	17%	-1.6x	-18.2x	-16.6x	-15.6x	-29.6x	-26.5x	-24.5x	-3.2%	-3.6%	-4.1%	
BA-US	Boeing	EW	\$239.35	10.2%	\$187,973	\$207,075	\$245	2%	-5.5x	-49.5x	-18.0x	-15.0x	-1490.7x	-36.1x	-25.8x	-1.1%	-3.4%	-5.1%	
HWM-US	Howmet	OW	\$244.79	19.4%	\$98,421	\$96,237	\$225	-8%	-0.7x	-35.1x	-31.2x	-29.1x	-55.8x	-48.6x	-44.2x	-1.6%	-1.9%	-2.1%	
TDG-US	Transldgm	OW	\$1,295.97	-2.5%	\$73,188	\$104,709	\$1,660	28%	-5.0x	-19.9x	-18.2x	-17.1x	-33.4x	-28.8x	-26.1x	-2.8%	-3.2%	-3.6%	
HEI-US	Heico	EW	\$328.45	1.5%	\$39,194	\$48,017	\$360	10%	-0.8x	-35.4x	-32.4x	-30.0x	-60.5x	-53.7x	-48.2x	-1.9%	-2.1%	-2.4%	
FTAI-US	FTAI Aviation	OW	\$274.83	39.6%	\$28,190	\$30,589	\$266	-3%	-1.9x	-21.3x	-17.1x	-14.2x	-40.7x	-29.2x	-22.5x	-0.7%	-1.7%	-2.3%	
AER-US	AerCap	EW	\$147.76	2.8%	\$26,089	\$68,193	\$150	2%	-6.1x	-9.6x	-9.4x	-9.1x	-10.2x	-9.8x	-8.7x	-3.8%	-6.3%	-7.3%	
CW-US	Curtiss-Wright	OW	\$671.06	21.7%	\$24,745	\$24,632	\$660	-2%	-0.5x	-29.8x	-27.6x	-25.7x	-45.5x	-41.2x	-37.6x	-2.3%	-2.5%	-2.7%	
RBC-US	RBC Bearings	OW	\$550.40	22.7%	\$17,403	\$18,369	\$600	9%	-0.5x	-26.5x	-23.8x	-21.8x	-39.8x	-36.7x	-34.7x	-2.4%	-2.7%	-2.9%	
CAE-CA	CAE	EW	\$42.65	2.2%	\$13,714	\$17,069	\$40	-6%	-2.4x	-12.8x	-12.1x	-11.3x	-27.4x	-23.4x	-20.0x	-3.8%	-4.4%	-5.3%	
EMB-US	Embraer	OW	\$71.45	11.0%	\$13,378	\$14,205	\$85	19%	-0.2x	-14.6x	-13.1x	-12.2x	-26.3x	-21.6x	-19.0x	-2.4%	-4.1%	-4.0%	
SARO-US	StandardAero	EW	\$30.02	4.7%	\$10,041	\$12,459	\$32	7%	-1.9x	-14.0x	-12.0x	-10.6x	-27.1x	-20.8x	-17.1x	-2.6%	-4.1%	-5.4%	
MOG-A-US	Moog	EW	\$323.11	32.7%	\$10,278	\$11,504	\$269	-17%	-1.2x	-18.6x	-17.3x	-16.0x	-32.5x	-28.8x	-26.2x	-1.9%	-2.6%	-2.9%	
LOAR-US	Loar	OW	\$64.28	-5.5%	\$6,018	\$6,319	\$97	5%	-0.3x	-29.5x	-25.8x	-22.7x	-62.2x	-51.6x	-43.6x	-1.7%	-2.1%	-2.5%	
HXL-US	Hexcel	EW	\$88.95	20.4%	\$6,749	\$7,976	\$90	1%	-1.9x	-20.2x	-17.1x	-15.6x	-39.5x	-29.0x	-24.6x	-2.9%	-4.0%	-4.7%	
Aerospace								-2%	-1.4x	-20.2x	-17.3x	-15.6x	-39.5x	-29.0x	-25.8x	-2.4%	-3.2%	-3.6%	
LMT-US	Lockheed Martin	EW	\$637.43	31.8%	\$146,660	\$165,451	\$675	6%	-1.3x	-14.6x	-13.9x	-13.3x	-21.2x	-19.9x	-18.6x	-4.4%	-4.1%	-5.1%	
NOC-US	Northrop Grumman	OW	\$695.06	21.9%	\$98,644	\$111,097	\$765	10%	-1.4x	-18.0x	-16.9x	-15.8x	-24.9x	-22.3x	-19.8x	-3.5%	-3.9%	-4.3%	
GD-US	General Dynamics	OW	\$340.75	1.2%	\$92,135	\$101,808	\$410	20%	-0.5x	-15.1x	-13.6x	-12.5x	-19.0x	-18.5x	-16.5x	-4.7%	-5.2%	-5.7%	
LHX-US	L3Harris Technologies	OW	\$339.90	15.8%	\$63,579	\$73,485	\$390	15%	-1.8x	-17.7x	-16.4x	-15.2x	-29.7x	-24.1x	-20.3x	-4.6%	-5.2%	-5.8%	
ESLT-US	Eltit Systems	EW	\$677.27	17.2%	\$31,484	\$31,992	\$531	-22%	-0.0x	-31.1x	-27.7x	-25.5x	-48.2x	-42.9x	-39.7x	-1.5%	-1.7%	-1.8%	
TXT-US	Textron	EW	\$98.75	13.3%	\$17,199	\$19,792	\$92	-7%	-1.0x	-9.9x	-9.4x	-9.0x	-15.0x	-13.5x	-12.5x	-4.4%	-5.0%	-6.4%	
DRS-US	Leonardo DRS	EW	\$37.77	10.8%	\$10,048	\$10,326	\$40	6%	-0.9x	-20.4x	-18.1x	-16.7x	-30.4x	-26.6x	-24.3x	-2.8%	-3.5%	-4.0%	
AMTM-US	Amentum Holdings Inc	OW	\$30.07	3.7%	\$7,335	\$11,209	\$35	16%	-1.0x	-10.0x	-9.4x	-8.8x	-12.5x	-11.3x	-10.1x	-7.4%	-8.6%	-9.9%	
VVX-US	V2X Inc	UW	\$63.77	16.9%	\$2,011	\$3,038	\$61	-4%	-1.9x	-9.2x	-8.7x	-8.2x	-11.8x	-10.3x	-9.0x	-9.7%	-10.4%	-11.8%	
Defense								-6%	-1.3x	-15.1x	-13.9x	-13.3x	-21.2x	-19.9x	-18.6x	-4.4%	-5.0%	-5.7%	
RKLB-US	Rocket Lab	OW	\$66.01	-5.4%	\$35,260	\$36,350	\$105	59%	-4.8x	-711.6x	-153.6x	-77.2x		-727.3x	-199.0x		-0.2%	-0.6%	
JOBY-US	Joby	UW	\$9.88	-25.2%	\$9,531	\$7,597	\$15	-52%											
PL-US	Planet Labs	EW	\$21.30	8.0%	\$6,651	\$6,478	\$26	22%	-1.7x	-242.7x	-85.6x	-48.2x		-1049.0x		-1.0%	-1.5%	-2.1%	
BETA-US	Beta Technologies	OW	\$17.83	-36.8%	\$3,932	\$6,333	\$34	91%											
FLY-US	Firefly Aerospace Inc	EW	\$19.13	-14.5%	\$3,046	\$2,133	\$33	73%					-27.1x	-9.3x					
VOYG-US	Voyager Technologies	EW	\$25.58	-2.1%	\$1,376	\$1,184	\$39	-52%											
SPCE-US	Virgin Galactic	UW	\$2.55	-20.6%	\$186	\$206	\$2.30	-10%						-2.0x					
eVTOL & Space								-52%		-477.1x	-85.6x	-28.7x		-437.5x	-199.0x		-1.0%	-0.2%	-2.1%

Source: FactSet, Morgan Stanley Research estimates

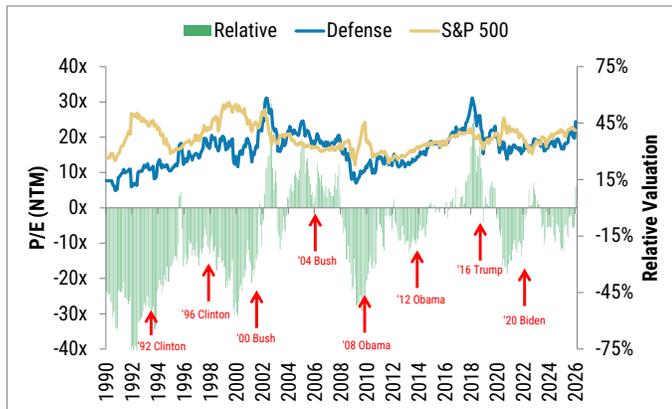
Exhibit 3: Consensus Estimates

Consensus Estimates		Rating	Price	YTD Stock Performance	Market Cap (\$mm)	EV (\$mm)	Mean PT	% Upside	2026 Net Debt/EBITDA	CY26	EV/EBITDA			P/E			FCF Yield		
											CY27	CY28	CY26	CY27	CY28	CY26	CY27	CY28	
RTX-US	RTX	OW	\$201.14	9.7%	\$269,988	\$300,960	\$222	10%	-1.8x	-19.5x	-17.9x	-16.5x	-29.4x	-26.6x	-24.2x	-3.1%	-3.6%	-4.0%	
BA-US	Boeing	OW	\$239.35	10.2%	\$187,973	\$207,075	\$274	15%	-4.2x	-36.9x	-21.6x	-16.0x	-139.1x	-48.2x	-28.4x	-1.1%	-3.6%	-5.1%	
HWM-US	Howmet	OW	\$244.79	19.4%	\$98,421	\$96,237	\$246	1%	-0.8x	-34.9x	-30.5x	-26.9x	-54.8x	-46.5x	-39.4x	-1.6%	-2.0%	-2.4%	
TDG-US	Transldgm	OW	\$1,295.97	-2.5%	\$73,188	\$104,709	\$1,600	23%	-5.2x	-19.6x	-18.0x	-16.6x	-31.9x	-27.3x	-23.8x	-3.1%	-3.6%	-4.1%	
HEI-US	Heico	OW	\$328.45	1.5%	\$39,194	\$48,017	\$377	15%	-1.0x	-34.6x	-31.9x	-30.0x	-58.5x	-52.1x	-46.9x	-2.0%	-2.3%	-2.5%	
FTAI-US	FTAI Aviation	OW	\$274.83	39.6%	\$28,190	\$30,589	\$315	14%	-1.9x	-20.9x	-15.5x	-13.9x	-39.2x	-26.3x	-24.6x	-3.4%	-4.9%	-6.1%	
AER-US	AerCap	EW	\$147.76	2.8%	\$26,089	\$68,193	\$161	9%	-6.1x	-10.0x	-9.5x		-9.6x	-9.2x		-2.8%	-7.3%		
CW-US	Curtiss-Wright	OW	\$671.06	21.7%	\$24,745	\$24,632	\$651	-3%	-0.3x	-29.5x	-27.0x	-24.4x	-45.9x	-41.3x	-36.4x	-2.3%	-2.4%	-2.8%	
RBC-US	RBC Bearings	OW	\$550.40	22.7%	\$17,403	\$18,369	\$579	5%	-0.7x	-27.9x	-25.0x	-24.2x	-41.0x	-36.1x	-38.9x	-2.5%	-2.4%	-2.6%	
CAE-CA	CAE	OW	\$42.65	2.2%	\$13,714	\$17,069	\$47	11%	-1.9x	-13.3x	-12.3x	-11.0x	-29.7x	-25.5x	-20.7x	-4.3%	-5.0%	-4.5%	
EMB-US	Embraer	OW	\$71.45	11.0%	\$13,378	\$14,205	\$78	9%	-0.2x	-13.7x	-12.0x	-12.7x	-25.1x	-20.2x	-23.2x	-1.2%	-3.5%	-3.4%	
SARO-US	StandardAero	OW	\$30.02	4.7%	\$10,041	\$12,459	\$37	23%	-1.9x	-13.8x	-12.1x	-11.6x	-25.2x	-20.2x	-16.7x	-2.7%	-3.8%	-5.5%	
MOG-A-US	Moog	OW	\$323.11	32.7%	\$10,278	\$11,504	\$325	0%	-1.2x	-18.0x	-16.7x		-30.7x	-27.6x		-2.1%			
LOAR-US	Loar	OW	\$64.28	-5.5%	\$6,018	\$6,319	\$92	43%	-1.7x	-27.1x	-24.0x	-24.5x	-62.9x	-51.0x	-42.9x	-1.8%	-2.3%	-2.8%	
HXL-US	Hexcel	EW	\$88.95	20.4%	\$6,749	\$7,976	\$89	0%	-2.0x	-20.2x	-16.8x	-14.9x	-39.8x	-28.9x	-23.8x	-2.8%	-3.7%	-4.6%	
Aerospace								-10%	-1.8x	-20.2x	-17.9x	-16.5x	-39.2x	-27.6x	-24.6x	-2.5%	-3.6%	-4.0%	
LMT-US	Lockheed Martin	EW	\$637.43	31.8%	\$146,660	\$165,451	\$657	3%	-1.3x	-14.6x	-14.1x	-13.6x	-21.3x	-20.0x	-19.1x	-4.5%	-4.4%	-4.6%	
NOC-US	Northrop Grumman	OW	\$695.06	21.9%	\$98,644	\$111,097	\$733	5%	-1.5x	-17.7x	-16.7x	-15.9x	-24.8x	-23.0x	-21.5x	-3.3%	-3.6%	-3.9%	
GD-US	General Dynamics	OW	\$340.75	1.2%	\$92,135	\$101,808	\$398	17%	-0.6x	-15.2x	-14.0x	-13.2x	-20.7x	-18.7x	-17.5x	-4.8%	-5.1%	-5.5%	
LHX-US	L3Harris Technologies	OW	\$339.90	15.8%	\$63,579	\$73,485	\$386	13%	-1.9x	-17.3x	-16.2x	-15.2x	-28.7x	-24.8x	-21.9x	-4.8%	-5.0%	-5.3%	
ESLT-US	Eltit Systems	EW	\$677.27	17.2%	\$31,484	\$31,992	\$578	-15%	-0.6x	-30.4x	-27.0x	-25.4x	-51.2x	-45.5x	-44.2x	-1.6%	-1.8%	-1.8%	
TXT-US	Textron	OW	\$98.75	13.3%	\$17,199	\$19,792	\$98	-1%	-1.0x	-10.5x	-9.8x	-9.1x	-15.2x	-13.3x	-12.0x	-4.2%	-5.8%	-6.7%	
DRS-US	Leonardo DRS	OW	\$37.77	10.8%	\$10,048	\$10,326	\$48	27%	-1.0x	-20.3x	-18.3x	-16.8x	-30.1x	-27.0x	-24.8x	-2.6%	-3.3%	-3.4%	
AMTM-US	Amentum Holdings Inc	OW	\$30.07	3.7%	\$7,335	\$11,209	\$37	22%	-2.7x	-9.8x	-9.2x	-8.5x	-12.1x	-10.6x	-9.5x	-7.8%	-9.1%	-10.5%	
VVX-US	V2X Inc	OW	\$63.77	16.9%	\$2,011	\$3,038	\$68	6%	-1.8x	-9.0x	-8.3x	-7.5x	-11.2x	-9.9x	-8.2x	-11.0%	-11.4%	-14.7%	
Defense								-6%	-1.3x	-15.2x	-14.1x	-13.6x	-21.3x	-20.0x	-19.1x	-4.5%	-5.0%	-5.3%	
RKLB-US	Rocket Lab	OW	\$66.01	-5.4%	\$35,260	\$36,350	\$84	28%	-50.3x	-3390.3x	-193.2x	-119.6x		-555.9x	-216.4x		-0.2%	-0.3%	
JOBY-US	Joby	UW	\$9.88	-25.2%	\$9,531	\$7,597	\$13	31%											
PL-US	Planet Labs	EW	\$21.30	8.0%	\$6,651	\$6,478	\$27	27%	-25.9x	-411.0x	-133.6x	-55.5x							
BETA-US	Beta Technologies	OW	\$17.83	-36.8%	\$3,932	\$6,333	\$38	111%											
FLY-US	Firefly Aerospace Inc	OW	\$19.13	-14.5%	\$3,046	\$2,133	\$38	100%					-35.6x	-10.9x					
VOYG-US	Voyager Technologies	OW	\$25.58	-2.1%	\$1,376	\$1,184	\$43	70%											
SPCE-US	Virgin Galactic	EW	\$2.55	-20.6%	\$186	\$206	\$4	76%											
eVTOL & Space								-70%		-1900.7x	-84.6x	-33.2x		-555.9x	-76.4x		-0.6%	-0.7%	-3.7%

Source: FactSet, Morgan Stanley Research

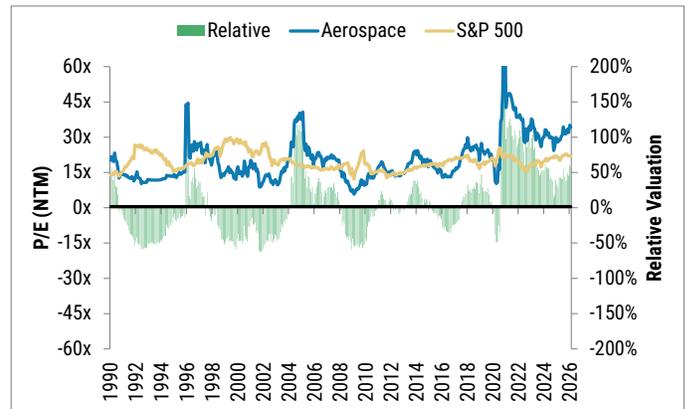
Aerospace & Defense Valuation

Exhibit 4: Defense Valuation



Source: FactSet, Morgan Stanley Research

Exhibit 5: Aerospace Valuation

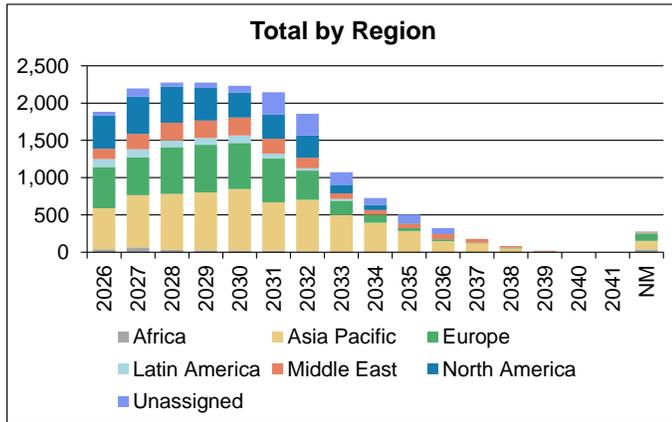


Source: FactSet, Morgan Stanley Research

Commercial Aerospace Highlights

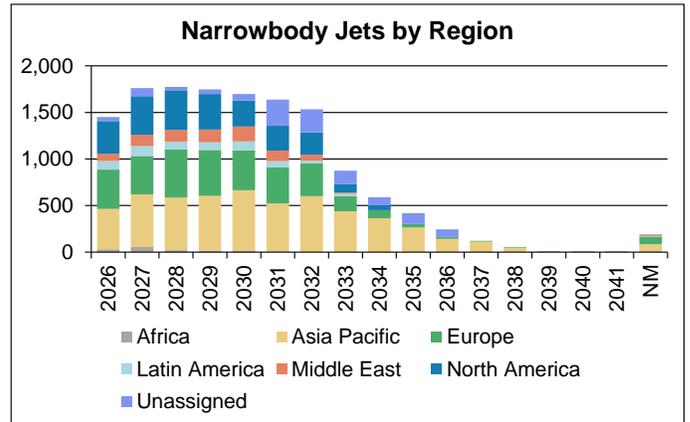
Future Deliveries Due by Global Region

Exhibit 6: Total Aircraft Deliveries Due



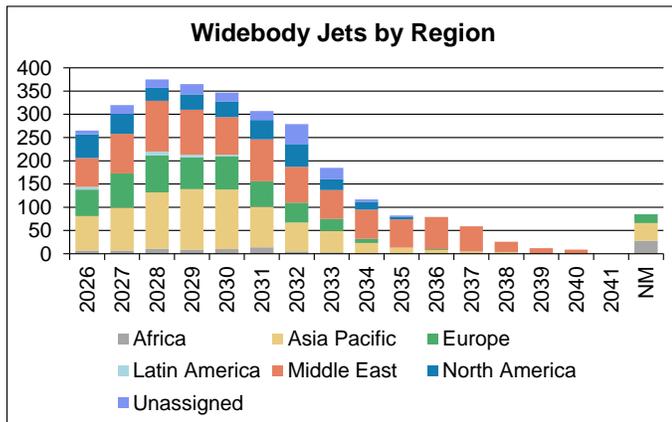
Source: Cirium, Morgan Stanley Research

Exhibit 7: Narrowbody Aircraft Deliveries Due



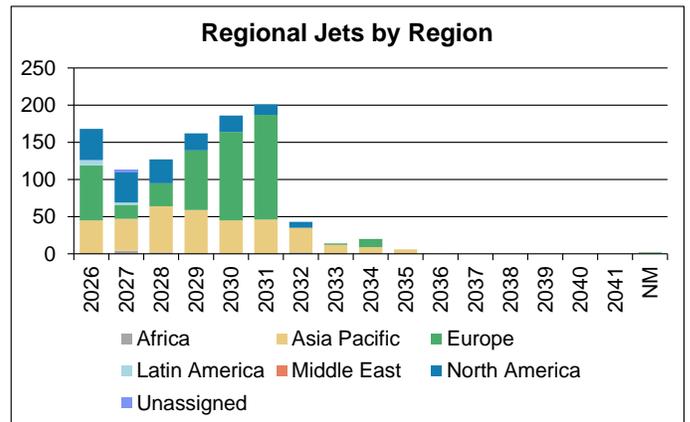
Source: Cirium, Morgan Stanley Research

Exhibit 8: Widebody Aircraft Deliveries Due



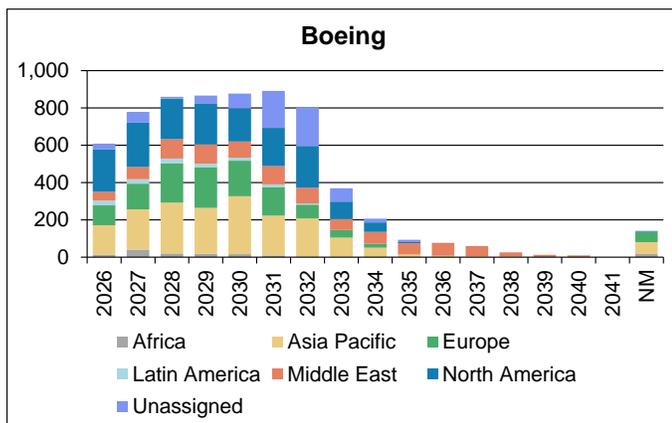
Source: Cirium, Morgan Stanley Research

Exhibit 9: Regional Aircraft Deliveries Due



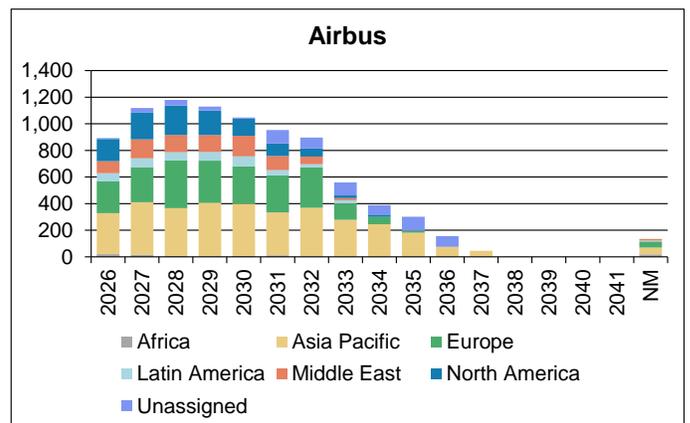
Source: Cirium, Morgan Stanley Research

Exhibit 10: Boeing Deliveries Due



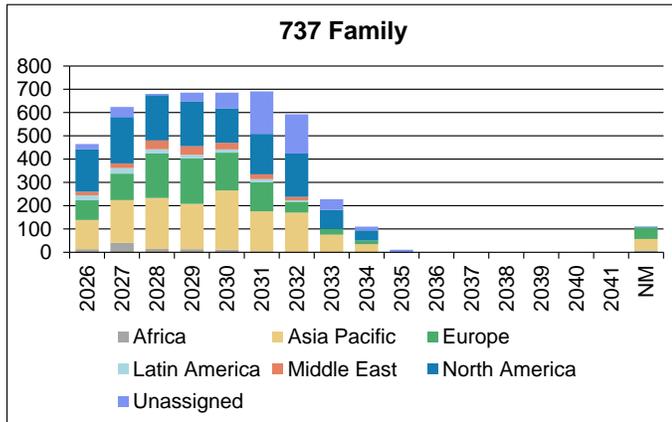
Source: Cirium, Morgan Stanley Research

Exhibit 11: Airbus Deliveries Due



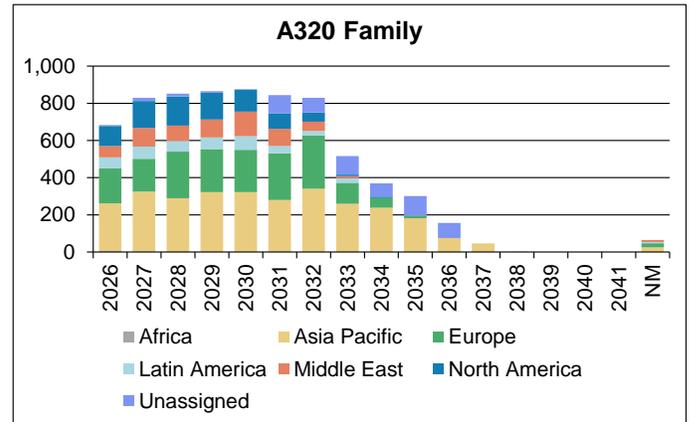
Source: Cirium, Morgan Stanley Research

Exhibit 12: Boeing 737 MAX Deliveries Due



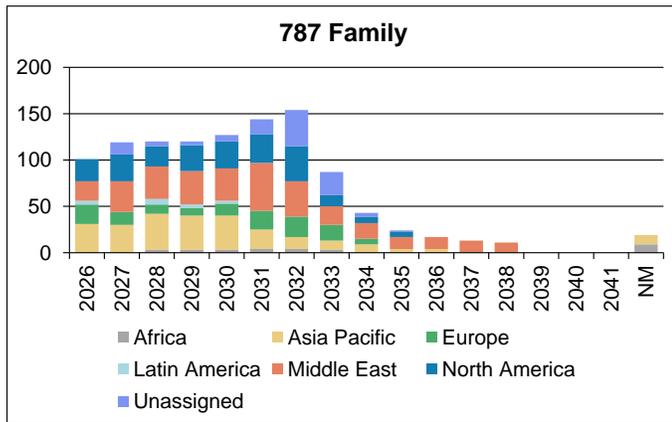
Source: Cirium, Morgan Stanley Research

Exhibit 13: Airbus A320 Deliveries Due



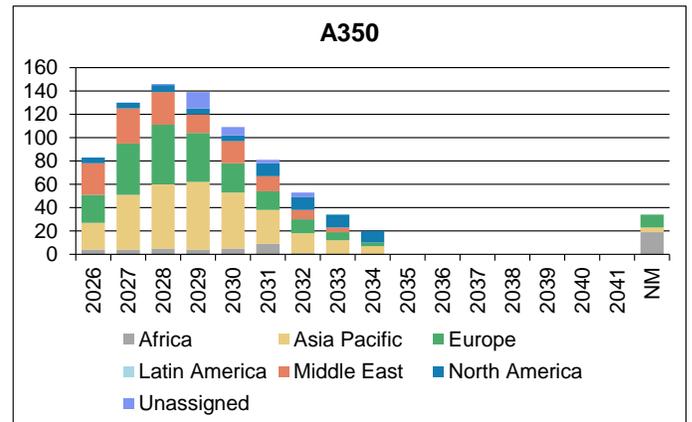
Source: Cirium, Morgan Stanley Research

Exhibit 14: Boeing 787 Deliveries Due



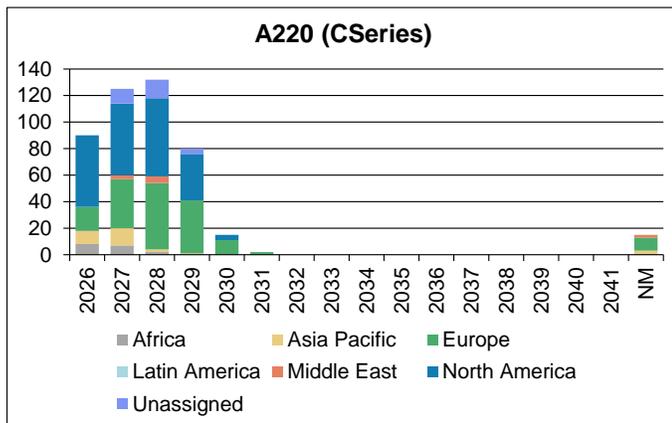
Source: Cirium, Morgan Stanley Research

Exhibit 15: Airbus A350 Deliveries Due



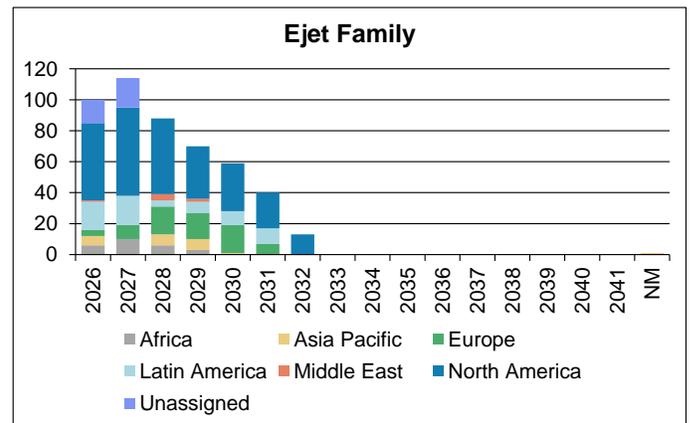
Source: Cirium, Morgan Stanley Research

Exhibit 16: Airbus A220 Deliveries Due



Source: Cirium, Morgan Stanley Research

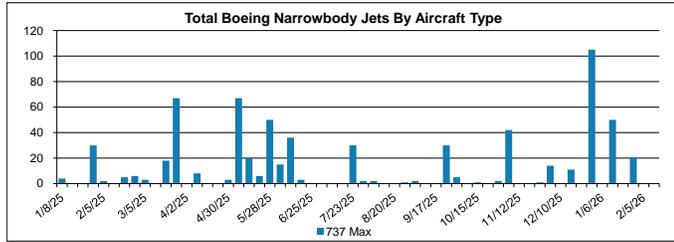
Exhibit 17: Embraer E-Jet Deliveries Due



Source: Cirium, Morgan Stanley Research

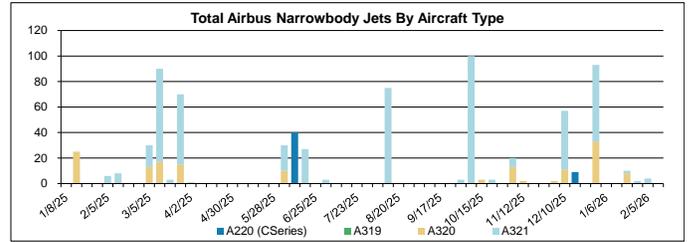
Orders & Deliveries

Exhibit 18: T12 Boeing Narrowbody Orders



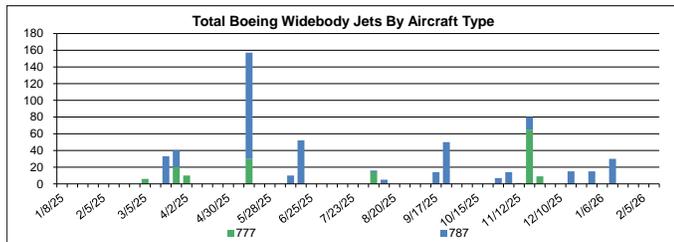
Source: Cirium, Morgan Stanley Research

Exhibit 19: T12 Airbus Narrowbody Orders



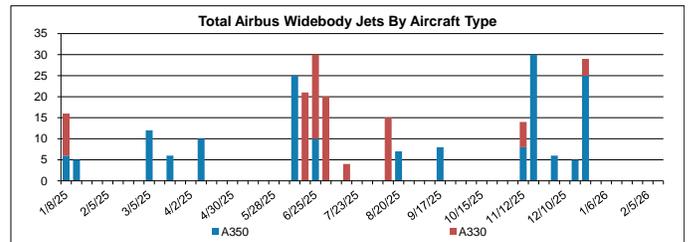
Source: Cirium, Morgan Stanley Research

Exhibit 20: T12 Boeing Widebody Orders



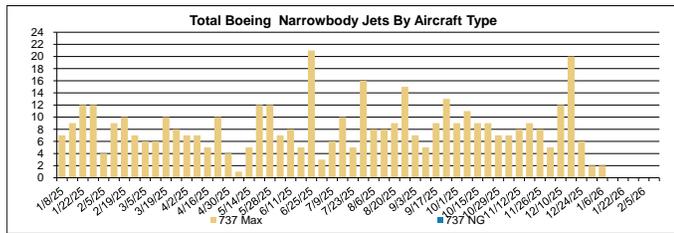
Source: Cirium, Morgan Stanley Research

Exhibit 21: T12 Airbus Widebody Orders



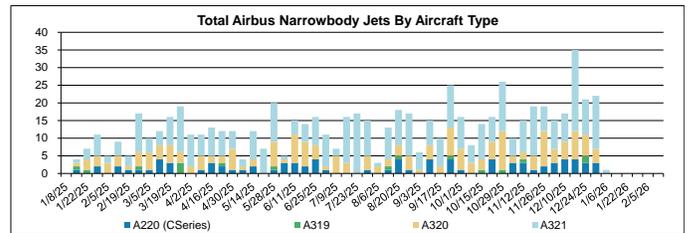
Source: Cirium, Morgan Stanley Research

Exhibit 22: T12 Boeing Narrowbody Deliveries



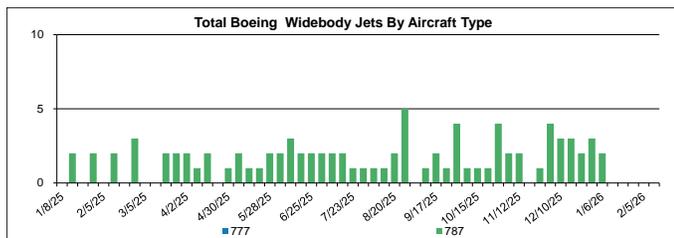
Source: Cirium, Morgan Stanley Research

Exhibit 23: T12 Airbus Narrowbody Deliveries



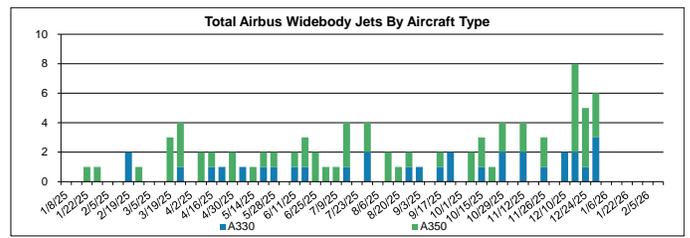
Source: Cirium, Morgan Stanley Research

Exhibit 24: T12 Boeing Widebody Deliveries



Source: Cirium, Morgan Stanley Research

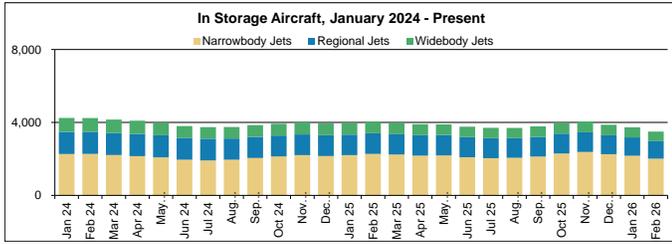
Exhibit 25: T12 Airbus Widebody Deliveries



Source: Cirium, Morgan Stanley Research

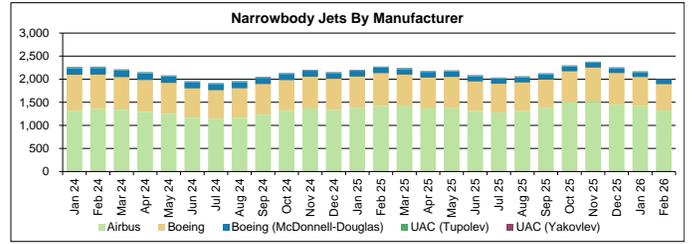
Aircraft in Storage

Exhibit 26: Total Aircraft in Storage



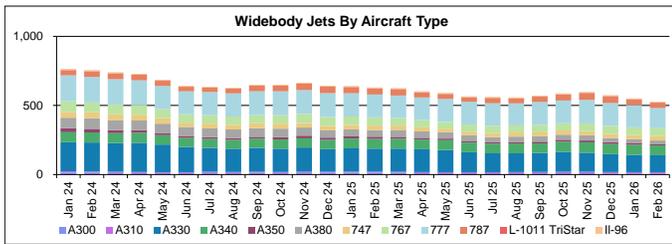
Source: Cirium, Morgan Stanley Research

Exhibit 27: Narrowbody Aircraft in Storage



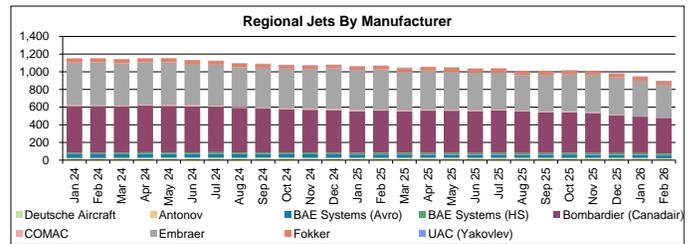
Source: Cirium, Morgan Stanley Research

Exhibit 28: Widebody Aircraft in Storage



Source: Cirium, Morgan Stanley Research

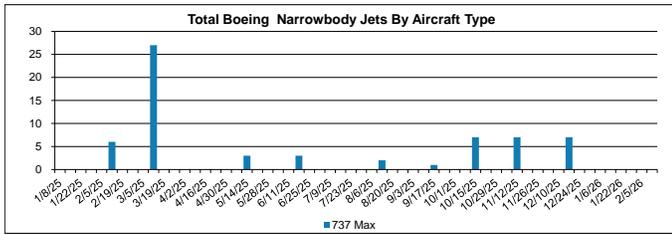
Exhibit 29: Regional Aircraft in Storage



Source: Cirium, Morgan Stanley Research

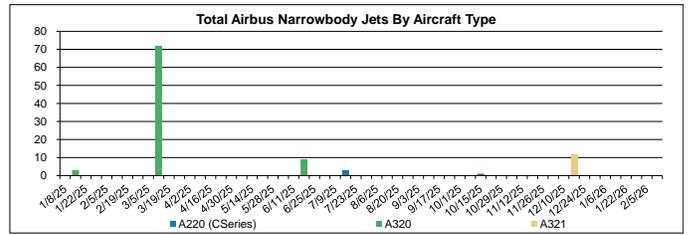
Cancellations & Retirements

Exhibit 30: T12 Boeing Narrowbody Cancellations



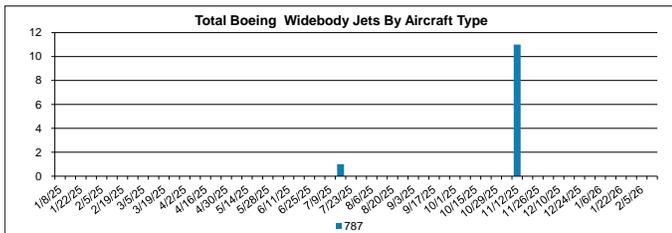
Source: Cirium, Morgan Stanley Research

Exhibit 31: T12 Airbus Narrowbody Cancellations



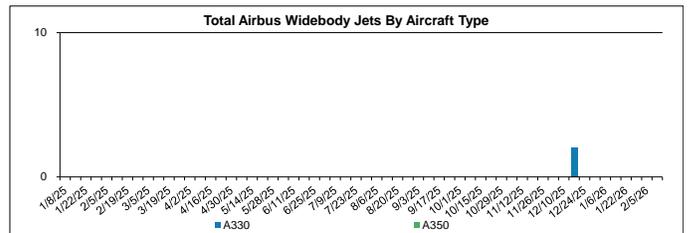
Source: Cirium, Morgan Stanley Research

Exhibit 32: T12 Boeing Widebody Cancellations



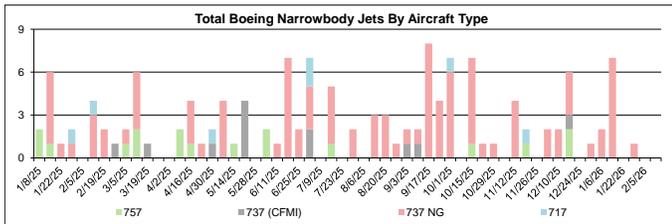
Source: Cirium, Morgan Stanley Research

Exhibit 33: T12 Airbus Widebody Cancellations



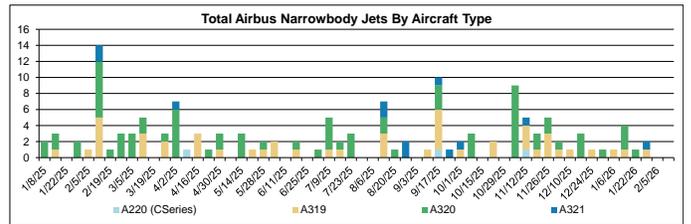
Source: Cirium, Morgan Stanley Research

Exhibit 34: T12 Boeing Narrowbody Retirements



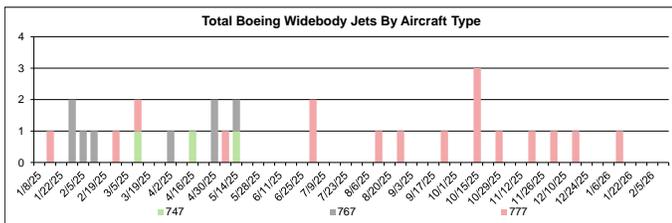
Source: Cirium, Morgan Stanley Research

Exhibit 35: T12 Airbus Narrowbody Retirements



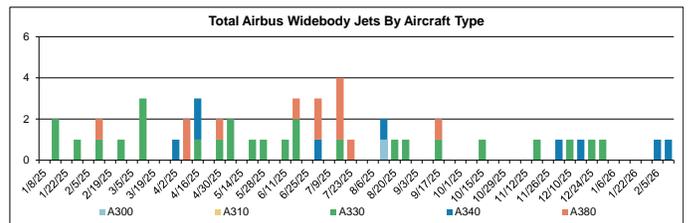
Source: Cirium, Morgan Stanley Research

Exhibit 36: T12 Boeing Widebody Retirements



Source: Cirium, Morgan Stanley Research

Exhibit 37: T12 Airbus Widebody Retirements



Source: Cirium, Morgan Stanley Research

Defense Highlights

Exhibit 38: Defense Capabilities by Company

Crowding out	Advanced Computing	Big Data Analytics	Artificial Intelligence	Autonomy	Robotics	Directed Energy	Hypersonics	Biotechnology
LMT	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
NOC	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
RTX	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
LHX	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
GD	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
TXT	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
BA	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★

Source: Company data, Morgan Stanley Research

Exhibit 39: Military Program Involvement

	Air Force	Army	Marine Corps	Navy	Space Force	Joint / Other
LMT	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
NOC	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
RTX	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
LHX	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
GD	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
TXT	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
BA	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★

Source: Company data, Morgan Stanley Research

Exhibit 40: Modernization Strength by Company

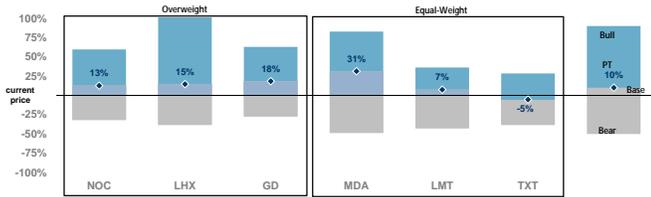
	Space	Nuclear	Multi-Domain Operations
LMT	★★★★	★★★★	★★★★
NOC	★★★★	★★★★	★★★★
RTX	★★★★	★★★★	★★★★
LHX	★★★★	★★★★	★★★★
GD	★★★★	★★★★	★★★★
TXT	★★★★	★★★★	★★★★
BA	★★★★	★★★★	★★★★

Source: Company data, Morgan Stanley Research

Weekly Financial Metrics

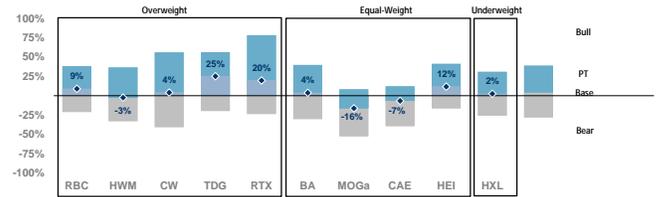
Risk Reward

Exhibit 41: Defense Risk Reward



Source: FactSet, Morgan Stanley Research

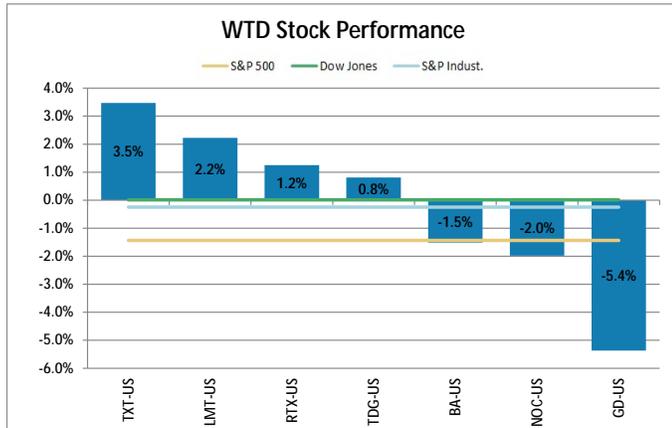
Exhibit 42: Commercial Aerospace Risk Reward



Source: FactSet, Morgan Stanley Research

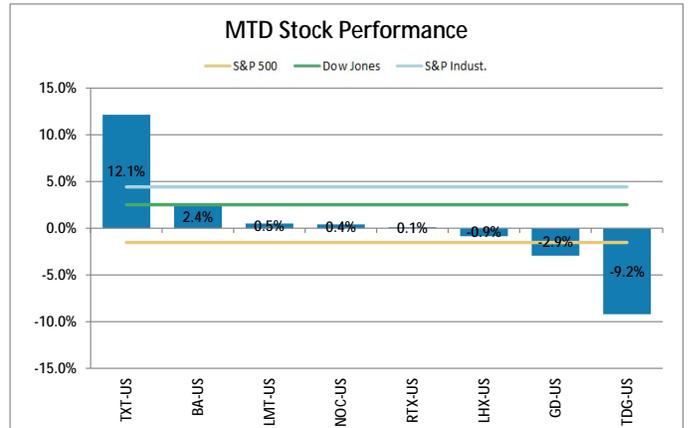
Stock Performance

Exhibit 43: Stock Performance, Week to Date



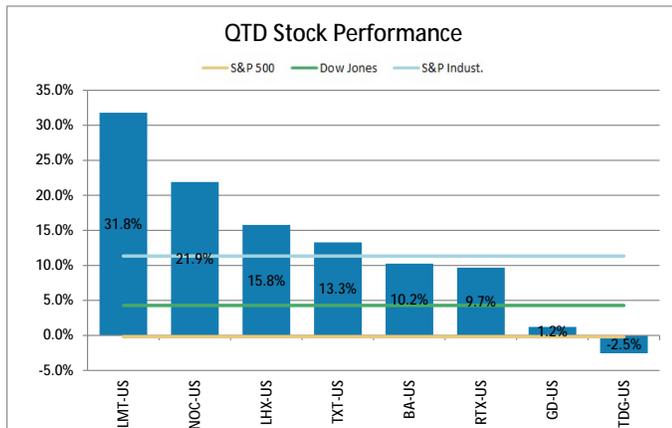
Source: FactSet

Exhibit 44: Stock Performance, Month to Date



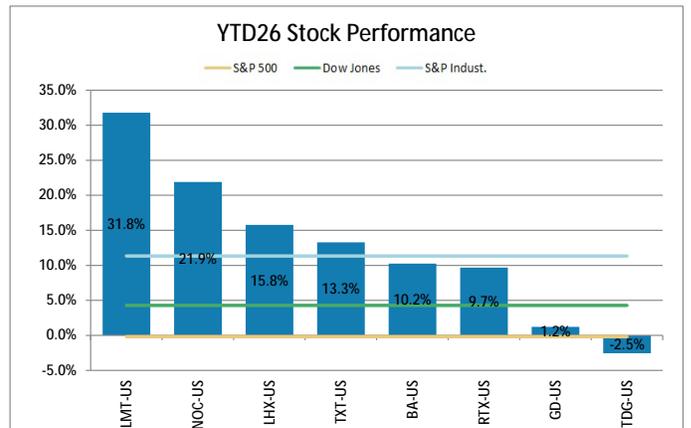
Source: FactSet

Exhibit 45: Stock Performance, Quarter to Date



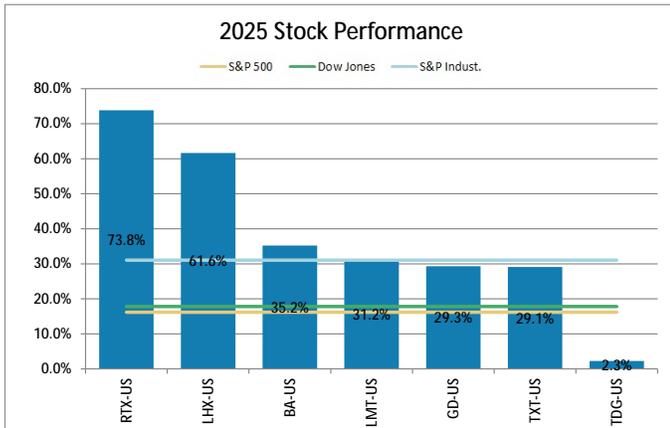
Source: FactSet

Exhibit 46: Stock Performance, Year to Date



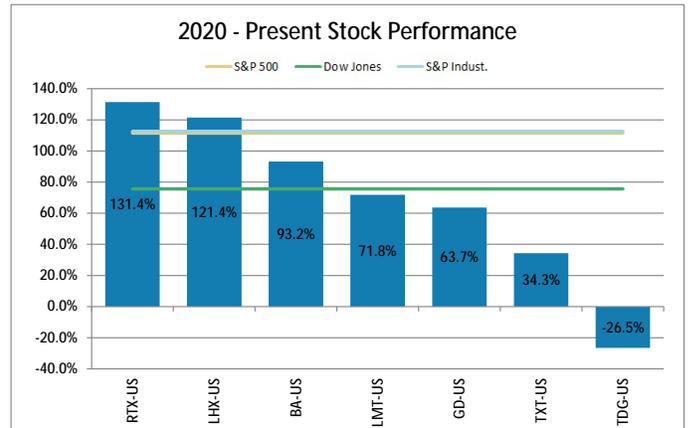
Source: FactSet

Exhibit 47: Stock Performance, FY2025



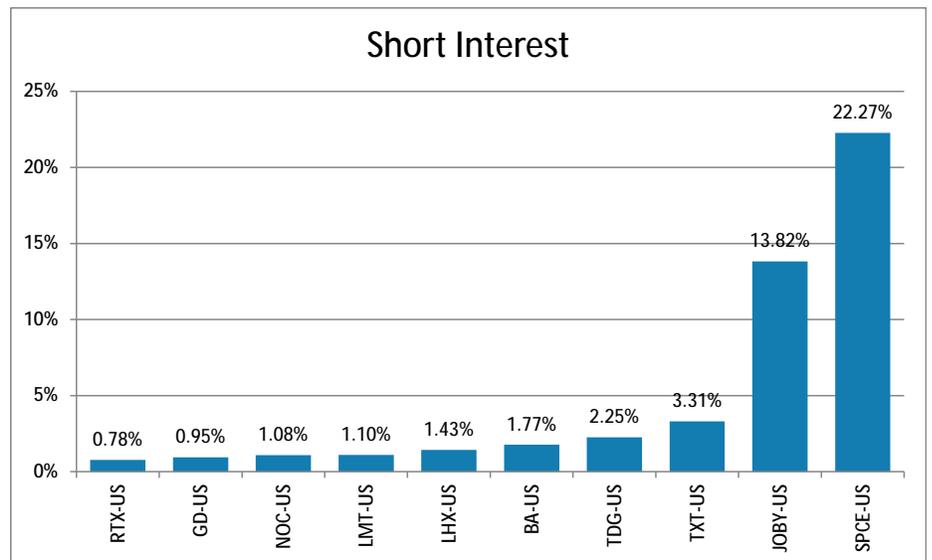
Source: FactSet

Exhibit 48: Stock Performance, Jan. 2020 - Present



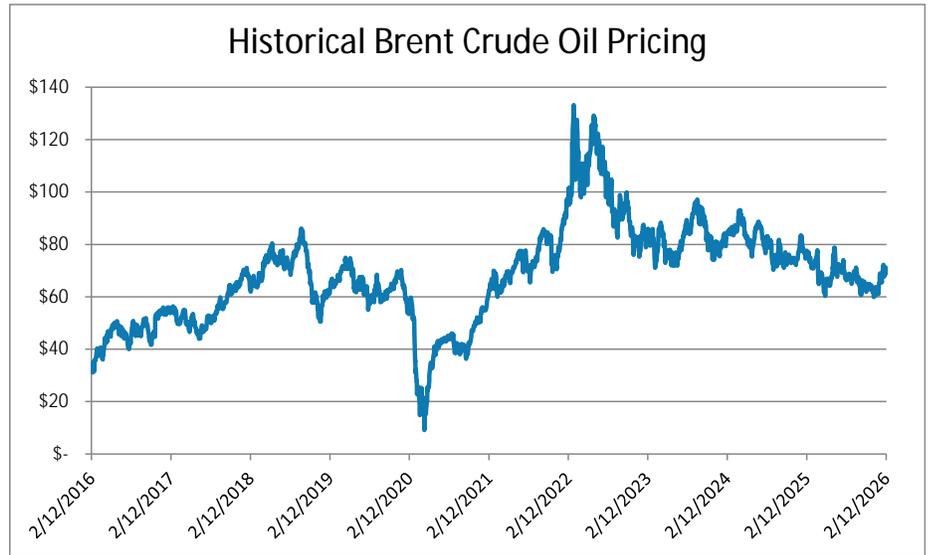
Source: FactSet

Exhibit 49:
Short Interest by Company



Source: FactSet

Exhibit 50: Oil Price History over the Past 10 Years



Source: FactSet
Note: Brent Crude Oil

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(as of January 31, 2026)

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For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1520	41%	425	48%	28%	685	42%
Equal-weight/Hold	1579	43%	375	42%	24%	713	44%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	592	16%	89	10%	15%	232	14%
Total	3,695		890			1631	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below. Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/12/2026)
Kristine T Liwag		
AerCap Holdings NV (AER.N)	E (06/07/2024)	\$147.76
Beta Technologies Inc (BETA.N)	O (12/01/2025)	\$17.83
Boeing Co. (BA.N)	E (01/10/2023)	\$239.35
CAE Inc. (CAE.TO)	E (08/16/2024)	C\$42.65
FTAI Aviation Ltd (FTAI.O)	O (01/11/2024)	\$274.83
Heico Corp (HEI.N)	E (06/04/2024)	\$328.45
Hexcel Corp (HXL.N)	E (01/30/2026)	\$88.95
Howmet (HWM.N)	O (12/03/2021)	\$244.79
Joby Aviation Inc (JOBY.N)	E (04/11/2025)	\$9.88
Loar Holdings Inc (LOAR.N)	O (05/23/2025)	\$64.28
RBC Bearings Inc. (RBC.N)	O (12/03/2021)	\$550.40
RTX Corp (RTX.N)	O (04/23/2025)	\$201.14
StandardAero Inc. (SARO.N)	E (10/28/2024)	\$30.02
Textron Inc. (TXT.N)	E (08/08/2024)	\$98.75
TransDigm Group Inc. (TDG.N)	O (09/10/2021)	\$1,295.97

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Defense

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/12/2026)
Kristine T Liwag		

Curtiss-Wright Corp. (CW.N)	O (08/06/2023)	\$671.06
General Dynamics Corp. (GD.N)	O (12/16/2025)	\$340.75
L3Harris Technologies Inc (LHX.N)	O (12/16/2025)	\$339.90
Leonardo DRS Inc (DRS.O)	E (05/24/2024)	\$37.77
Lockheed Martin Corp (LMT.N)	E (12/16/2025)	\$637.43
Moog Inc. (MOGa.N)	E (11/22/2023)	\$323.11
Northrop Grumman Corp. (NOC.N)	O (09/07/2020)	\$695.06

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