



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22	
AVANGRID, Inc. was formed through a merger between Iberdrola USA, Inc. and UIL Holdings Corporation in December of 2015. Iberdrola S.A., a worldwide leader in the energy industry, owns 81.5% of AVANGRID. The predecessor company was founded in 1852 and is headquartered in New Gloucester, Maine. It was incorporated in 1997 in New York under the name NGE Resources, Inc. AVANGRID began trading on the NYSE on December 17, 2015.	--	--	--	--	--	--	--	--	14.14	19.75	20.40	21.05	Revenues per sh	23.60	
	--	--	--	--	--	--	--	--	3.44	5.20	5.55	5.85	"Cash Flow" per sh	6.50	
	--	--	--	--	--	--	--	--	.86	1.95	2.15	2.25	Earnings per sh ^A	2.75	
	--	--	--	--	--	--	--	--	--	1.73	1.73	1.73	Div'd Decl'd per sh ^B	1.85	
	--	--	--	--	--	--	--	--	3.50	6.45	6.45	6.45	Cap'l Spending per sh	5.75	
	--	--	--	--	--	--	--	--	48.74	49.00	49.40	49.95	Book Value per sh ^C	52.25	
	--	--	--	--	--	--	--	--	308.86	309.00	309.00	309.00	Common Shs Outst'g ^D	309.00	
	--	--	--	--	--	--	--	--	NMF	20.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.5	
	--	--	--	--	--	--	--	--	NMF	1.10			Relative P/E Ratio	.90	
	--	--	--	--	--	--	--	--	--	4.3%			Avg Ann'l Div'd Yield	4.7%	
CAPITAL STRUCTURE as of 9/30/16 Total Debt \$4586 mill. Due in 5 Yrs \$1748 mill. LT Debt \$4399 mill. LT Interest \$216 mill. (LT interest earned: 3.6x)	--	--	--	--	--	--	--	--	4594.0	4367.0	6100	6300	6500	Revenues (\$mill)	7250
	--	--	--	--	--	--	--	--	424.0	267.0	600	660	705	Net Profit (\$mill)	840
	--	--	--	--	--	--	--	--	39.9%	11.3%	41.0%	33.0%	33.0%	Income Tax Rate	33.0%
	--	--	--	--	--	--	--	--	6.8%	12.7%	6.0%	5.0%	5.0%	AFUDC % to Net Profit	5.0%
Leases, Uncapitalized Annual rentals \$216 mill.	--	--	--	--	--	--	--	--	16.8%	23.1%	24.0%	25.0%	25.5%	Long-Term Debt Ratio	24.5%
	--	--	--	--	--	--	--	--	83.2%	76.9%	76.0%	75.0%	74.5%	Common Equity Ratio	75.5%
Pension Assets-12/15 \$1991 mill. Oblig \$2491 mill.	--	--	--	--	--	--	--	--	14956	19583	19875	20325	20650	Total Capital (\$mill)	21500
Pfd Stock None	--	--	--	--	--	--	--	--	17099	20711	21700	22650	23550	Net Plant (\$mill)	25500
Common Stock 309,003,589 shs. as of 11/2/16 MARKET CAP: \$12 billion (Large Cap)	--	--	--	--	--	--	--	--	3.4%	2.1%	3.5%	4.0%	4.0%	Return on Total Cap'l	4.5%
	--	--	--	--	--	--	--	--	3.4%	1.8%	4.0%	4.5%	4.5%	Return on Shr. Equity	5.0%
	--	--	--	--	--	--	--	--	3.4%	1.8%	.5%	1.0%	1.0%	Return on Com Equity ^E	5.0%
	--	--	--	--	--	--	--	--	--	--	.89%	81%	76%	Retained to Com Eq	1.5%
	--	--	--	--	--	--	--	--	--	--	--	--	--	All Div'ds to Net Prof	68%

ELECTRIC OPERATING STATISTICS

	2013	2014	2015
% Change Retail Sales (KWH)	NA	NA	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '13-'15 to '20-'22

	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '20-'22
Revenues	--	--	NMF
"Cash Flow"	--	--	NMF
Earnings	--	--	NMF
Dividends	--	--	NMF
Book Value	--	--	NMF

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	1556	938	982	1118	4594
2015	1227	939	1048	1153	4367
2016	1670	1439	1418	1573	6100
2017	1800	1450	1450	1600	6300
2018	1850	1500	1500	1650	6500

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	--	--	--	--	--
2015	.34	.04	.17	.31	.86
2016	.63	.33	.35	.64	1.95
2017	.80	.35	.35	.65	2.15
2018	.85	.35	.35	.70	2.25

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	--	--	--	--	--
2014	--	--	--	--	--
2015	--	--	--	--	--
2016	--	.432	.432	.432	1.73
2017	.432	--	--	--	--

BUSINESS: AVANGRID, Inc., formerly Iberdrola USA, Inc., is a diversified energy and utility company that serves 2.2 million electric customers in New York, Connecticut, and Maine and 1 million gas customers in New York, Connecticut, Massachusetts and Maine. Has a nonregulated generating subsidiary focused on wind power. Revenue breakdown by customer class not available. Generating sources not available. Fuel costs: 22% of revenues. ¹⁵ reported depreciation rate not available. Iberdrola owns 81.5% of stock. Has 7,000 employees. Chairman: José Ignacio Sanchez Galan. CEO: James P. Torgerson. Incorporated: New York. Address: 157 Church Street, New Haven, Connecticut 06506. Telephone: 207-688-6363. Internet: www.avangrid.com.

AVANGRID's electric utility subsidiary in Connecticut has received a rate order. At the start of 2017, United Illuminating received a \$43.0 million rate hike, based on a 9.1% return on a 50% common-equity ratio. The utility will receive additional increases of \$11.5 million and \$2.9 million at the start of 2018 and 2019, respectively.

We expect strong earnings growth in 2017, followed by a decent increase next year. Rate relief is helping the regulated utility business. Besides the aforementioned electric tariff hike in Connecticut, AVANGRID's utilities in New York, New York State Electric and Gas and Rochester Gas and Electric, were granted three-year rate increases that took effect in May of 2016. Thus, they will have a full year of rate relief in 2017. We assume normal weather after unfavorable wind conditions hurt the nonregulated side of the business in the first half of 2016. These operations should benefit from the additions of wind and solar projects. This segment has about 5,700 megawatts of capacity now, and 810 mw are under construction.

Finances are sound. The fixed-charge coverage was unusually low in 2015, a year of depressed earnings, but probably improved significantly in 2016. The common-equity ratio is, by far, the highest of any company in this industry, and AVANGRID has no need for additional equity through the early part of the next decade — at least. AVANGRID is not paying cash taxes, so our "cash flow" figures understate its true cash flow. We have raised the company's Financial Strength rating from B+ to B++ and its stock's Safety rank from 3 to 2 (Above Average).

This stock offers a dividend yield that is about a percentage point above the utility mean. This valuation reflects, in part, a lack of near-term dividend growth potential as AVANGRID strives to reduce its payout ratio to a range of 65%-75%. Total return potential to 2020-2022 is only average for the group. The stock is unranked for Timeliness due to its short trading history since Iberdrola USA acquired UIL Holdings in December of 2015 and became AVANGRID.
 Paul E. Debbas, CFA February 17, 2017

(A) Diluted EPS. 2015 EPS based on shares outstanding at yearend. Excl. nonrecurring gain: '16, 6¢. Next earnings report due late February. (B) Div'ds paid in early Jan., April, July, and Oct. (C) Dividend reinvestment plan available. (D) Incl. intangibles. In '15: \$22.62/sh. (E) In mill. (F) Rate base: net orig. cost. Rate allowed on com. eq. in NY in '16: 9.0%; in CT in '17: 9.1% elec.; in CT in '16: 9.36% gas; in ME in '14: 9.45%. Regulatory Climate: Below Average.

Company's Financial Strength B++
Stock's Price Stability NMF
Price Growth Persistence NMF
Earnings Predictability NMF

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