

# AVANGRID, INC. NYSE-AGR

RECENT PRICE **42.10** P/E RATIO **20.4** (Trailing: 17.8 Median: NMF) RELATIVE P/E RATIO **1.21** DIV'D YLD **4.2%** VALUE LINE

<b>TIMELINESS</b> 3 Raised 1/27/23	High: 38.9 46.7 53.5 54.6 52.9 57.2 55.6 51.7 44.8	Target Price Range 2026 2027 2028
<b>SAFETY</b> 2 Raised 2/17/17	Low: 32.4 35.4 37.4 45.2 47.4 35.6 44.0 37.6 41.6	
<b>TECHNICAL</b> 3 Raised 1/27/23	LEGENDS --- 26.30 x Dividends p sh ... Relative Price Strength Options: Yes Shaded area indicates recession	
<b>BETA</b> .85 (1.00 = Market)		
<b>18-Month Target Price Range</b>		
Low-High Midpoint (% to Mid)		
\$36-\$62 \$49 (15%)		
<b>2026-28 PROJECTIONS</b>		
High Price Gain Ann'l Total Low 60 45 (+45%) 13%		
<b>Institutional Decisions</b>		
1Q2022 2Q2022 3Q2022		
to Buy 155 143 166		
to Sell 135 133 114		
Hld's(000) 45311 46587 46742		
Percent shares traded 9 6 3		

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.	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
	--	--	14.14	19.48	19.30	20.96	20.51	20.45	18.04	<b>19.80</b>	<b>20.65</b>	<b>21.60</b>	Revenues per sh	24.55
	--	--	3.44	4.74	4.49	4.89	5.41	5.22	4.64	<b>5.10</b>	<b>5.10</b>	<b>5.45</b>	"Cash Flow" per sh	6.30
	--	--	1.05	1.98	1.67	1.92	2.17	2.02	2.18	<b>2.35</b>	<b>2.25</b>	<b>2.40</b>	Earnings per sh <sup>A</sup>	2.75
	--	--	--	1.73	1.73	1.74	1.76	1.76	1.76	1.76	1.76	1.76	Div'd Decl'd per sh <sup>B</sup>	1.94
	--	--	3.50	5.52	7.82	5.78	8.87	9.00	7.70	<b>8.30</b>	<b>8.65</b>	<b>9.05</b>	Cap'l Spending per sh	9.55
	--	--	48.74	48.90	48.79	48.88	49.31	49.21	49.35	<b>50.00</b>	<b>50.50</b>	<b>51.15</b>	Book Value per sh <sup>C</sup>	53.40
	--	--	308.86	308.99	309.01	309.01	309.01	309.08	386.57	<b>386.6</b>	<b>387.00</b>	<b>387.00</b>	Common Shs Outst'g <sup>D</sup>	387.00
	--	--	33.5	20.5	27.3	26.1	23.1	23.6	23.2	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>	Avg Ann'l P/E Ratio	18.5
	--	--	1.69	1.08	1.37	1.41	1.23	1.21	1.25	<b>1.13</b>	<b>1.13</b>	<b>1.13</b>	Relative P/E Ratio	1.05
	--	--	--	4.3%	3.8%	3.5%	3.5%	3.7%	37.5%	3.9%	3.9%	3.9%	Avg Ann'l Div'd Yield	3.8%

<b>CAPITAL STRUCTURE as of 9/30/22</b>	--	4594.0	4367.0	6018.0	5963.0	6478.0	6338.0	6320.0	6974.0	<b>7650</b>	<b>8000</b>	<b>8350</b>	Revenues (\$mill)	9500
Total Debt \$8586 mill. Due in 5 Yrs \$3225 mill.	--	424.0	267.0	611.0	516.0	595.0	673.0	625.0	780.0	<b>910</b>	<b>870</b>	<b>930</b>	Net Profit (\$mill)	1065
LT Debt \$7764 mill. LT Interest \$300 mill.	--	39.9%	11.3%	37.4%	32.4%	22.1%	17.0%	7.2%	6.2%	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>	Income Tax Rate	7.0%
Incl. \$95 mill. finance leases. (Total Interest coverage: 3.6x)	--	6.8%	12.7%	7.5%	12.4%	9.4%	15.0%	17.1%	15.5%	<b>14.0%</b>	<b>15.0%</b>	<b>15.0%</b>	AFUDC % to Net Profit	14.0%
Leases, Uncapitalized Annual rentals \$14 mill.	--	16.8%	23.1%	23.0%	25.6%	26.2%	30.6%	40.8%	29.3%	<b>30.0%</b>	<b>31.5%</b>	<b>32.0%</b>	Long-Term Debt Ratio	38.0%
Pension Assets-12/21 \$3079 mill. Oblig \$3487 mill.	--	83.2%	76.9%	77.0%	74.4%	73.8%	69.4%	59.2%	70.7%	<b>70.0%</b>	<b>68.5%</b>	<b>68.0%</b>	Common Equity Ratio	62.0%
Pfd Stock None	--	14956	19583	19619	20273	20472	21953	25687	26998	<b>27550</b>	<b>28525</b>	<b>29050</b>	Total Capital (\$mill)	33400
Common Stock 386,624,231 shs. as of 10/25/22	--	17099	20711	21548	22669	23459	25218	26751	28866	<b>31000</b>	<b>33250</b>	<b>35575</b>	Net Plant (\$mill)	42700
MARKET CAP: \$16.3 billion (Large Cap)	--	3.7%	2.1%	3.8%	3.1%	3.5%	3.7%	3.0%	3.4%	<b>4.0%</b>	<b>3.5%</b>	<b>3.5%</b>	Return on Total Cap'l	4.0%
	--	3.4%	1.8%	4.0%	3.4%	3.9%	4.4%	4.1%	4.1%	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	Return on Shr. Equity	5.0%
	--	3.4%	1.8%	4.0%	3.4%	3.9%	4.4%	4.1%	4.1%	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	Return on Com Equity <sup>E</sup>	5.0%
	--	3.4%	1.8%	1.4%	NMF	4%	8%	5%	9%	<b>1.0%</b>	<b>1.0%</b>	<b>1.5%</b>	Retained to Com Eq	1.5%
	--	--	--	66%	104%	90%	81%	87%	79%	<b>75%</b>	<b>78%</b>	<b>73%</b>	All Div'ds to Net Prof	70%

<b>ELECTRIC OPERATING STATISTICS</b>	2019	2020	2021
% Change Retail Sales (KWH)	NA	NA	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	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)	+8	+9	+1

Fixed Charge Cov. (%)	278	237	270
<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 to '26-'28			
Revenues	--	2.0%	3.0%
"Cash Flow"	--	3.0%	3.0%
Earnings	--	6.0%	4.0%
Dividends	--	9.0%	1.5%
Book Value	--	--	1.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	1789	1392	1470	1669	6320.0
2021	1966	1477	1598	1933	6974.0
2022	2133	1794	1838	1885	7650
2023	2150	1825	1950	2075	8000
2024	2275	1875	2025	2175	8350

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.76	.32	.32	.62	2.02
2021	1.14	.35	.34	.44	2.18
2022	1.16	.46	.31	.42	2.35
2023	.77	.51	.36	.61	2.25
2024	.84	.54	.38	.64	2.40

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.44	.44	.44	.44	1.76
2020	.44	.44	.44	.44	1.76
2021	.44	.44	.44	.44	1.76
2022	.44	.44	.44	.44	1.76
2023	.44	.44	.44	.44	1.76

(A) Diluted eps. Excl. nonrecur. gain/(loss): '16: 16c; '17: (44c); '19: 9c; '20: (14c); '21: (21c); 1Q-'22: (2c). EPS may not sum to full-year due to rounding. Next earnings report due 2/21. (B) Div'ds paid in early Jan., April, July, and Oct. ■ Dividend reinvestment plan available. (C) Incl. intangibles. In '21: \$5659 mill., \$14.64/sh. (D) In mill. (E) Rate base: Net original cost. Rate allowed on com. eq. in NY in '20: 8.8%; in CT in '17: 9.1% elec.; in CT in '19: 9.3% gas; in ME in '22: 9.25%. Regulatory Climate: Below Average.

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Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	40
Earnings Predictability	80

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**AVANGRID's bottom line will likely diminish some this year, but bounce back in 2024.** The company is up against a difficult first-quarter comparison, as last year's earnings of \$1.16 per share included a \$0.46 one-off item in the renewables segment. Rate relief and incremental growth in the rate base (the dollar value of certain assets on which utilities are allowed to earn an economic return) are the main factors that should enable year-over-year share-earnings advances to resume in this year's second quarter. AVANGRID has been filing for rate increases in its various territories over the past several months, and has begun to realize some adjustments with more likely on the way. Meanwhile, D&T (distribution and transmission) and reliability/hardiness projects are lifting the rate base.

**Concluding the acquisition of PNM Resources will be a plus.** To recap, AVANGRID agreed to purchase the utility holding company (parent of electric utilities in New Mexico and Texas) for \$4.3 billion in cash. The deal was blocked by the New Mexico Public Regulation Commission (NMPRC). The state Supreme Court is due to rule on the case later this year, but it may be resolved prior to that. The governor is pro-merger and she recently appointed all new NMPRC members.

**AVANGRID is a key player in the burgeoning renewable-energy space.** Existing "green" power generation comes from onshore wind and solar. Construction of the first U.S. large-scale offshore wind project began in November 2021 and is expected to be completed by late 2024. More eastern seaboard joint ventures are in the pre-construction phase. Over time, renewables should grow to become a larger income source. The PNM purchase offers further avenues of expansion, by way of Southwest solar and wind projects.

**This neutrally-ranked issue doesn't stand out at the recent price quote.** Income-oriented investors should note that, while AGR's dividend yield is 50 basis points in excess of its peer median, the current high payout ratio limits growth of the disbursement for the next few years. Utility investors who like the long-term prospects of the renewable energy business should wait for a drawdown.

Anthony J. Glennon February 10, 2023