

# ABB LTD N

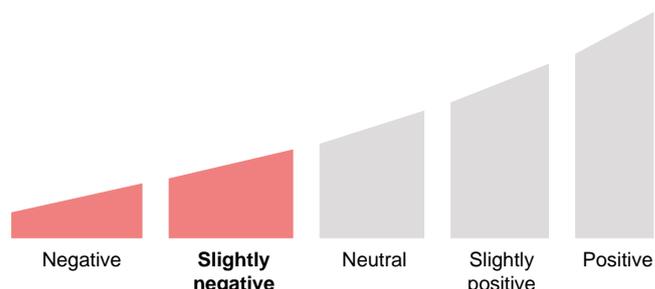
ABB LTD N active in the sector Industrial Machinery, belongs to the industry group Industrial Goods & Services.

Its market capitalization of USD 42.22 bn. ranks it among large-cap stocks.

During the last 12 months this stock has reached a high of CHF 23.37 and a low of CHF 17.51; its current price of CHF 19.21 places it 17.8% under its 52 week high and 9.7% over its 52 week low.

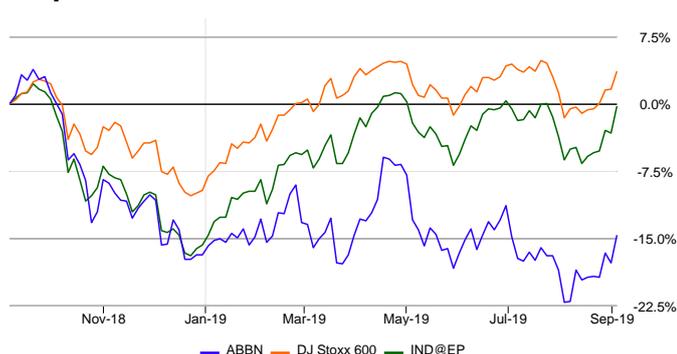
Performance since September 7, 2018: ABB LTD N: -14.7%, Industrial Goods & Services: -0.3%, DJ Stoxx 600: 3.6%

## Global Evaluation



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	Nb of Stocks	LT P/E	LT Growth	Div	4wk Rel Perf
ABB LTD N	19.21	2.8%	42.22	★★★★☆			15.5	13.0%	3.9%	4.4%
Industrial Goods & Services (EP)	221.00	18.5%	1,542.22	★★★★☆		276	14.3	13.5%	2.9%	0.9%
DJ Stoxx 600	387.00	14.7%	12,582.56	★★★★☆		597	12.7	10.7%	3.8%	5.3%

## Comparison September 7, 2018 - September 6, 2019



## Technical Trend and relative Performance ★★

Since September 6, 2019, the medium-term technical trend is positive, at a price of CHF 19.21. Its adjusted technical reverse point is CHF 18.15, or 5.5% under the current price.

The four-week relative performance against the reference index DJ Stoxx 600 is 4.4%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock.

The four-week relative performance of its reference group Industrial Goods & Services is positive.

## Dividend

The 12-month indicated dividend yield is 3.9%. This estimated dividend represents 61.1% of the estimated earnings. Consequently, the dividend is covered, but not strongly, and reasonably likely to prove sustainable.

## Fundamental and Technical Analysis

### Price Level Analysis ★

In order to assess whether ABB LTD N is currently fairly priced, we focus on the Peter Lynch's broadly accepted methodology which compares the projected earnings growth and dividend with the estimated PE ratio. Based on this,

- ABB LTD N is fundamentally very undervalued compared to its theoretical fair price.
- its valuation is comparable to the European Industrial Goods & Services aggregate.

With a "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio higher than 0.9, the stock's price presents a discount to growth of -17.7%.

The fundamental price potential for ABB LTD N is good, and in line with the average of its industry group.

### Earnings Revisions ★

ABB LTD N is strongly followed by financial analysts, as over the last three months an average of 21 analysts provided earnings estimate forecasts up until the year 2021.

Currently, these analysts are negatively revising their earnings growth estimates (-11.4%) compared with seven weeks ago. This negative pressure on the growth expectations has been apparent since July 16, 2019 when the stock closed at the price of CHF 18.77 and acts slightly in counterweight to the positive technical trend.

The positioning of ABB LTD N vs. its reference sector Industrial Goods & Services accentuates that the clearly negative trend of earnings revisions is not a problem specific to the stock, because its environment is also being revised negatively.

## Summary of the Fundamental and Technical Analysis

1. The negative driving earnings revisions trend is not specific to the stock, but affects the entire sector.
2. In terms of valuation, the stock has very good potential.
3. The technical trend is positive in a positive environment.
4. The stock showed a relative overperformance in a positive environment Industrial Goods & Services.

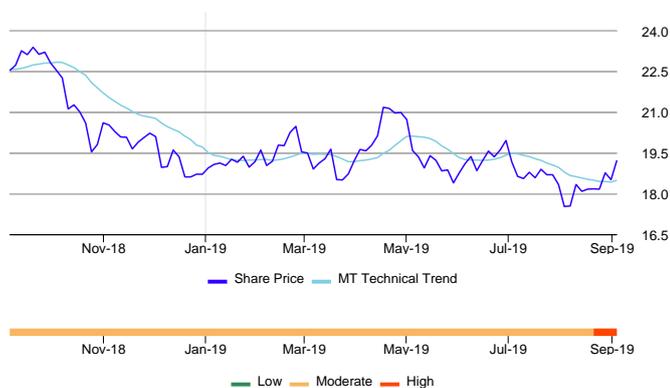
## Checklist

Global Evaluation		Downgrade from neutral to slightly negative the 23-Aug-2019.
Interest	★★★★☆	Strong interest since 06-Sep-2019.
Earnings Rev Trend	★	Analysts negative since 16-Jul-2019
Valuation Rating	★	Strongly undervalued
MT Tech Trend	★	Trend positive since 06-Sep-2019
4wk Rel Perf	★	vs. DJ Stoxx 600
Sensitivity		Increase from moderate to high the 23-Aug-2019.

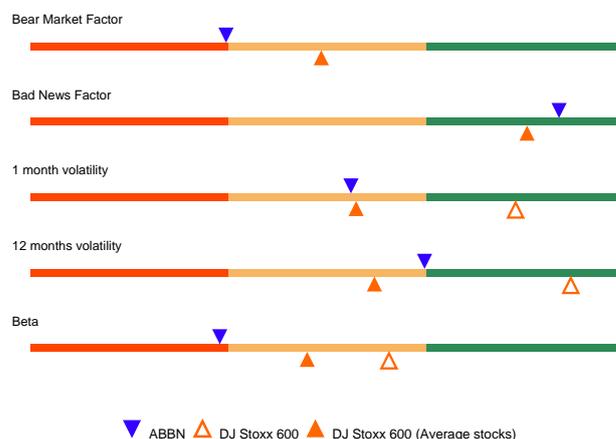
## ABB LTD N - Sector and/or Group Comparison

Company Name	Symbol	Market	Price	Perf YTD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	Global Evaluation
ABB LTD N	ABBN	CH	19.21	2.8%	42.22	★★★★		15.5	13.0%	3.9%	
SCHINDLER HOLDING AG	SCHP	CH	231.40	18.9%	25.33	★★★★		23.7	16.3%	1.9%	
VAT GROUP	VACN	CH	126.20	46.2%	3.84	★★★★		28.8	22.7%	2.9%	
GEORG FISCHER AG	FLN	CH	827.50	5.2%	3.44	★★★★		13.4	11.3%	2.6%	
ILLINOIS TOOL WKS.INCO.	ITW	US	152.49	20.4%	49.33	★★★★		18.1	11.9%	2.6%	
DAIKIN INDUSTRIES LTD.	6367	JP	14,075.00	20.4%	38.64	★★★★		17.3	13.2%	1.2%	
ATLAS COPCO AB	ATCOA	SE	298.50	41.8%	36.87	★★★★		19.3	12.8%	2.4%	
FANUC CORP.	6954	JP	18,605.00	11.6%	35.55	★★★★		30.4	18.4%	1.7%	
KONE OYJ	KNEBV	FI	55.44	33.1%	32.42	★★★★		25.4	17.1%	3.1%	
INGERSOLL-RAND PLC.	IR	US	121.60	33.3%	29.38	★★★★		15.8	13.1%	1.8%	
MITSUBISHI ELEC.CORP.	6503	JP	1,333.50	9.6%	26.82	★★★★		10.5	8.9%	3.0%	

### Price & Sensitivity Evolution



### Sensitivity Profile



### Sensitivity Analysis

#### Beta, Correlation and Volatility

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile and therefore more sensitive. A Beta of 1.42 indicates that for 1% of index variation, ABB LTD N varies on average by 1.42%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. ABB LTD N has a correlation rate of 0.77. This indicates that 77% of the stock's movements are explained by index variations. ABB LTD N is strongly correlated to DJ Stoxx 600.

The volatility is also used as a sensitivity factor. The 1 month annualized volatility of ABB LTD N is : 23.9%, that of the index DJ Stoxx 600 is 8.8% and that of the world aggregate for the group Industrial Goods & Services is 15.6%. By comparison, the average volatility of the stocks that make up the reference index is practically identical at 23.3%.

#### Sensitivity to Bear Markets

The Bear Market Factor measures the behavior of ABB LTD N in declining markets. ABB LTD N has the tendency to amplify drops of the DJ Stoxx 600 index by 0.78%. The sensitivity to bear markets is above average.

#### Sensitivity to Bad News

The Bad News Factor measures negative swings of a stock in rising markets. In the case of specific pressure, ABB LTD N is only moderately sanctioned by the market in most of the times. When the stock goes down in a rising environment, its average deviation is -1.48%.

#### Summary of the Sensitivity Analysis

By comparing with other stocks, the sensitivity of ABB LTD N is considered high and this since August 23, 2019.

#### Conclusion

At the analysis date of September 6, 2019, the general impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly positive. Moreover, the combination of the different criteria of sensitivity appreciation leads to a general qualification of highly sensitive.

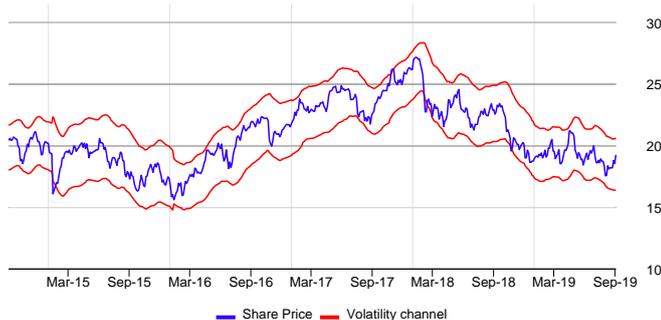
By combining the slightly positive fundamental and technical analysis, with the high sensitivity, the general evaluation seems slightly negative.

### Key Figures

Annualized estimate for current year to	2021
Estimated PE (LT PE) for 2021	15.5
Projected earnings growth (LT Growth)	13.0%
Dividend (Ex Date: 06-May-2019)	CHF 0.80
Number of analysts	21
First analysis date	02-Jan-2002

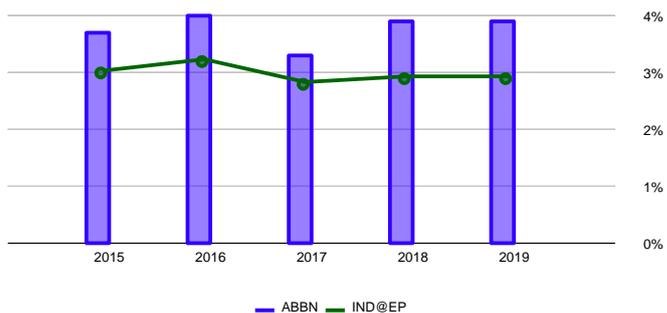
# ABB LTD N - 5 Year History

## Price Changes September 5, 2014 - September 6, 2019



The volatility channel shows a stock's average fluctuations over the last 5 years. During this period, the high of CHF 27.13 was reached on January 2018 and the low of CHF 15.56 in the month of January 2016. The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

## Expected Dividend Yield 2015 - 2019



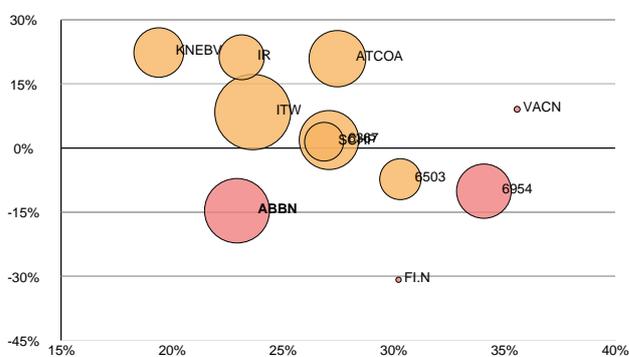
The 12-month indicative dividend yield is 3.9%, more than the 2.9% average of ABB LTD N's industry group. Reminder, this estimated dividend represents 61.1% of the estimated earnings; it is moderately covered: its payment is therefore reasonably guaranteed. The last estimation of the expected dividend is relatively steady, because the average of the last years is 3.8%.

## Comparative LTPE September 5, 2014 - September 6, 2019



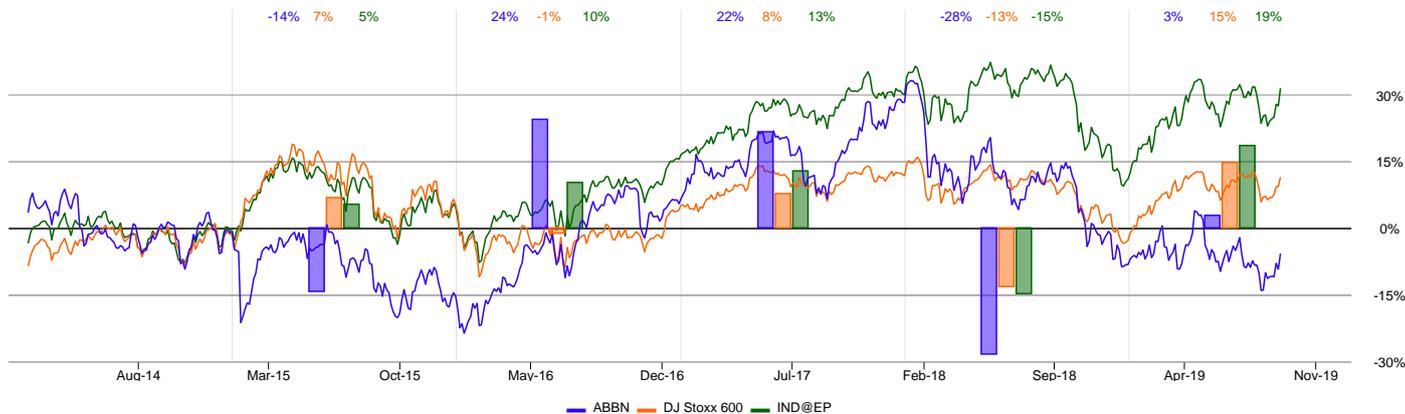
The forward PE of ABB LTD N is close to that of its group Industrial Goods & Services, as it currently stands at 15.53 and the group's forward PE is 14.26. This indicates the stock's valuation is not far from that of its industry group. Historically speaking, this stock is also currently trading at a premium, because its median is 14.42.

## Performance vs Volatility



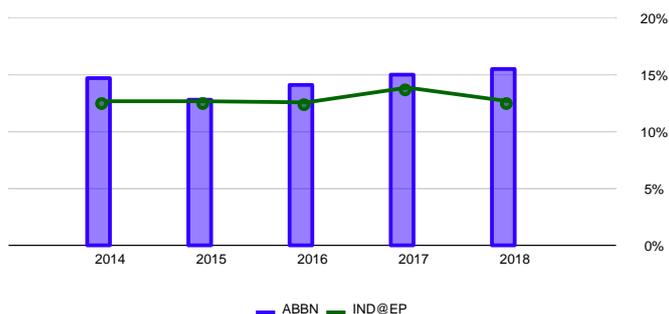
The vertical axis measures the performance since September 7, 2018 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility. The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

## Comparison September 5, 2014 - September 6, 2019



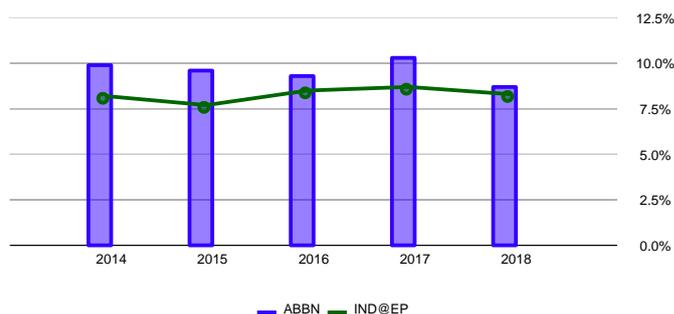
On a 5 year moving average, the performance of the stock ABB LTD N is -5.8%, vs. 11.4% for the DJ Stoxx 600 and 31.4% for the group Industrial Goods & Services (IND@EP).

### Return on Equity



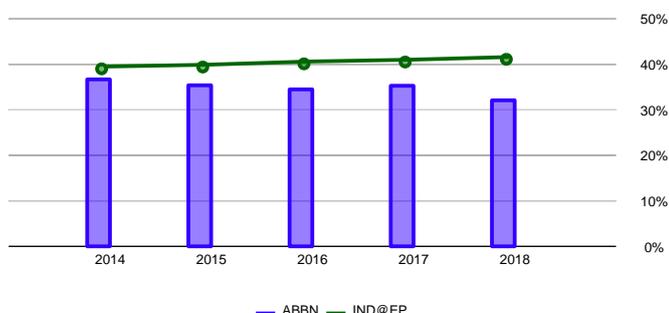
The return on equity (eng. ROE or Return on Equity) is the ratio between the profits made and own funds provided by the shareholders. The figure varies greatly from industry to industry. In ABB LTD N the average ROE is 14% and therefore close to the industry average of 13%. The last publicized return on equity of 15% is located near the long-term average of 14%.

### Earnings Before Interest & Taxes



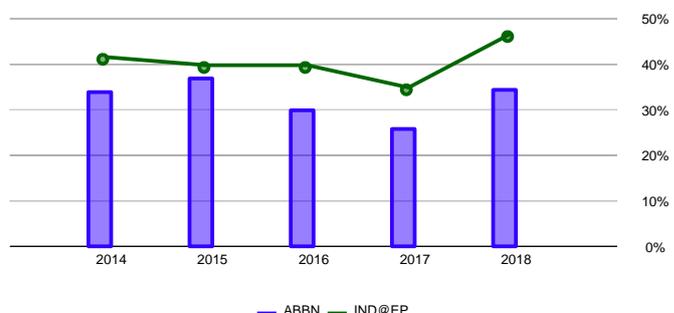
The operating margin (EBIT) of ABB LTD N located in the historic resources at 10%. This is similar to the industry average of 8%. The last reported 9% are near the historical average of 10%.

### Equity on Assets



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. ABB LTD N has an average equity ratio of 35%, which is below the industry average of 40%. The current capital share of 32% is close to the historical average of 35%.

### Book Value / Price



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The average value of ABB LTD N is with 32% below the industry average of 40%. With 34% the current value is close to the historical average of 32%.

#### Balance Sheet

	2016	2017	2018	
	31-Dec	31-Dec	31-Dec	
Currency 'mio	USD	USD	USD	
Cash & Short Term Invest	6,022	5,719	4,223	10%
Receivables	10,890	10,145	7,334	17%
Inventories	4,456	4,927	4,207	10%
<b>Total Current Assets</b>	<b>22,489</b>	<b>21,369</b>	<b>21,471</b>	<b>50%</b>
Properties & Equipment	4,862	5,224	4,059	10%
Intangible	11,784	13,462	12,656	30%
<b>Total Assets</b>	<b>39,946</b>	<b>40,920</b>	<b>42,653</b>	<b>100%</b>
Account Payable	4,557	5,278	4,344	10%
Short Term Debt	1,028	719	1,994	5%
<b>Total Current Liabilities</b>	<b>15,792</b>	<b>15,850</b>	<b>18,115</b>	<b>42%</b>
Long Term Debt	5,945	6,535	6,468	15%
<b>Total Liabilities</b>	<b>39,946</b>	<b>40,920</b>	<b>42,653</b>	<b>100%</b>

#### Key Figures

Book Value	6.42	6.75	6.43
Shares Outstanding ('000)	2,138,707	2,138,606	2,131,962
NB of Employees	132,300	134,800	146,600

#### Annual Statement

	2016	2017	2018	
	31-Dec	31-Dec	31-Dec	
Currency 'mio	USD	USD	USD	
<b>Total Revenue</b>	<b>33,654</b>	<b>33,500</b>	<b>27,085</b>	<b>100%</b>
Cost	22,666	22,320	17,733	65%
<b>Gross Income</b>	<b>9,864</b>	<b>10,100</b>	<b>8,457</b>	<b>31%</b>
General Cost & Administration	6,578	6,276	5,974	22%
Amortization	1,123	1,080	895	3%
<b>Operating Income</b>	<b>3,286</b>	<b>3,824</b>	<b>2,483</b>	<b>9%</b>
Research & Development	1,283	1,332	1,115	4%
Net Income Before Extra Items	1,878	2,166	2,123	8%
Net Income Before Taxes	2,996	3,459	2,368	9%
Dividend	1,664	1,658	1,694	6%
<b>Net Income</b>	<b>1,878</b>	<b>2,166</b>	<b>2,123</b>	<b>8%</b>

#### Ratios

Current Ratio	1.4	1.3	1.2
Long Term Debt	14.9%	16.0%	15.2%
Revenues on Assets	84.2%	81.9%	63.5%
Cash Flow on Revenues	8.9%	9.7%	11.1%

# Glossary - Equities

## Number of Stocks

The number of stocks in the index that can be analyzed.

## Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

## Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued 🟢 to strongly overvalued 🔴.

## Stars

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend 🟢 = ★★★★★
- Valuation Rating 🟢, 🟢, 🟢 = ★★★★★
- MT Tech Trend 🟢 = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative 🔴
- Valuation Rating becomes negative 🔴, 🔴
- MT Tech Trend becomes negative 🔴
- 4 week Relative Performance drops below -1% (<-1%)

## Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

## Earnings Rev. Trend

The symbol 🟢 shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol 🔴 indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral 🟡.

The symbol 🟢 indicates that the last significant revisions have been trending positive.

The symbol 🔴 indicates that the last significant revisions have been negative.

## 7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

## G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

## LT PE

This is the relationship between the price (P) and the estimated long-term future earnings.

## LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

## MT Tech Trend

The MT Tech Trend indicates the current trend, positive 🟢 or negative 🔴, and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral 🟡.

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol 🟢 indicates that the previous MT Tech Trend was positive.

The symbol 🔴 indicates that the previous MT Tech Trend was negative.

## 4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

## Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news. The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

## Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period. The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

## Sensitivity

Stock price developments are generally volatile and contain high risks that can result in a total loss. Based on a their historical behaviour, stocks are classified by sensitivity level. These sensitivity levels have to be considered solely in relative historical comparison to other stocks. Please note that even "Low Sensitivity" stocks are equities and therefore high risk investments that can lose up to all of their value, and that past performance is no indication of current or future performance.

"Sensitivity" is determined by measuring the "Bear Market Factor" and the "Bad News Factor" against its benchmark.

There are three grades of sensitivity levels:

- Low Sensitivity: The sensitivity indicators fall below the world reference average.
- Moderate Sensitivity: The sensitivity indicators are situated higher than the world reference average, but lower than standard deviation.
- High Sensitivity: The sensitivity indicators are at levels higher than standard deviation.

## Volatility 12 M

Volatility measures the magnitude of upwards and downwards movements of a stock or index. The volatility 12 M shows the average volatility over the last 12 months.

## % of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

## Beta

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile than its reference index.

## Correlation

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index.

### Disclaimer:

This report is provided for your personal information only, and does not constitute or contain any solicitation, financial advice, or offer to buy or sell any kind of securities. This report was based on sources that we consider reliable, but we do not warrant the accuracy and exhaustiveness of the information, opinions and quotes provided. Past performance is no guarantee of future results.

More information: [www.thescreener.com/en/wc/methodology.htm](http://www.thescreener.com/en/wc/methodology.htm)

Earnings forecasts provided by REFINITIV.