Utilities

Analysis and Synthesis - World

March 31, 2020
The group Utilities represents less than 5% of the World total market capitalization, with 231 of its companies followed regularly by theScreener.

The group Utilities is currently trading at 20% below its 52 week high and 10% above its 52 week low (bi-weekly closing).

Performance since March 29, 2019: -8.4% vs -11.6% for the index TSC_World and -8.8% for the SP500.

6.5% of stocks are currently in a positive Medium Term Technical Trend (MTT).

### Price evaluation rating

In order to assess whether an industry group is correctly valued, we focus on Peter Lynch's broadly accepted methodology of comparing the projected earnings growth and dividend with the estimated PE ratio. Based on this approach, we feel this industry group is currently strongly undervalued.

A "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio higher than 0.9 indicates that the industry group's price presents a discount to growth of -23.1%.

### Earnings revision trend

Compared to seven weeks ago, the analysts have raised (4.9%) their earnings estimates. This positive trend began January 31, 2020 at a price of 136.0.

### Performance over 5 years

On a 5 year moving average the performance of the group Utilities is 3.2%, vs 8.8% for the index TSC_World and 25.0% for the SP500. During this period, the high was reached on February 2020 and the low on January 2016.
Utilities (WO)
Closing Price of March 31, 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Market Value</th>
<th>Perf YTD</th>
<th>Nb of Stocks</th>
<th>Mkt Cap in $bn</th>
<th>Stars</th>
<th>Sensitivity</th>
<th>G/PE Ratio</th>
<th>LT P/E</th>
<th>LT Growth</th>
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<tbody>
<tr>
<td>Utilities (WO)</td>
<td>112.11</td>
<td><strong>-14.0%</strong></td>
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<td>2,147.10</td>
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</table>

**Volatility**

Volatility is also used as a sensitivity factor. It measures the magnitude of upward and downward movements of a stock or index. The higher the volatility, the more a stock is considered as sensitive to market fluctuations.

As of the last update, the monthly volatility of (59.2%) is higher than the last few years' average of (9.4%). The high magnitude of short term price fluctuations indicates the market is very nervous.

On the other hand, long term volatility 19.5% of the group is similar to that of the index TSC_World (17.1%), reflecting almost identical price variations between the group and the market to which it belongs.

**The sensitivity factor in declining markets**

The "Bear Market Factor" measures the behavior of a group in declining markets. In this context, the group Utilities has a tendency to minimize the drops of the index TSC_World. This would indicate a low sensitive behaviour during market corrections. The group Utilities has a tendency to minimize drops in the index by -0.68%.

**The sensitivity factor in rising markets**

The "Bad News Factor" measures a group's corrections in a rising market phase. In this configuration, the market slightly sanctions the group Utilities when there is specific pressure in this particular economic activity. When the group declines in a rising market its average deviation is -1.11%.

**Sensitivity analysis summary**

Generally speaking, the group Utilities can be considered as little sensitive in light of two factors, Bear Market and Bad News, which are both at a low level of sensitivity.

**Checklist (Utilities)**

<table>
<thead>
<tr>
<th>Stars</th>
<th>Earnings Rev Trend</th>
<th>Valuation Rating</th>
<th>MT Tech Trend</th>
<th>4wk Rel Perf</th>
<th>Sensitivity</th>
<th>Bear Mkt Factor</th>
<th>Bad News Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strong interest since March 27, 2020.</td>
<td>annually positive since January 31, 2020</td>
<td>Strongly undervalued</td>
<td>Market negative since February 28, 2020</td>
<td>vs. TSC_World</td>
<td>Below average sensitivity to market corrections</td>
<td>Slight market sanction in case of specific pressure</td>
</tr>
</tbody>
</table>

In terms of market capitalization, the largest group, Technology, represents 17.6% of the market World. In size order these groups then follow: Health Care with 10.6% Industrial Goods & Services with 9.4%.

**Allocation by group, of the World market**

The largest sector in terms of market capitalization Electricity represents 61.3% of the group Utilities. These sectors follow, in size order, Multi-utilities with 18.1% Gas Distribution with 9.7%.
### Utilities (WO)

Closing Price of March 31, 2020

Automated Report by theScreener.com

Updated twice a week (Monday & Wednesday)


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<tr>
<td>Utilities UTI@WO</td>
<td></td>
<td>112.11</td>
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<td>231</td>
<td>2,147.10</td>
<td>1.17</td>
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<td>12.2</td>
<td>9.8%</td>
<td>-0.4%</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>A-Alternative Electricity</td>
<td>WO</td>
<td>128.60</td>
<td>-13.6%</td>
<td>-13.6%</td>
<td>25</td>
<td>129.78</td>
<td>1.32</td>
<td></td>
<td>12.7</td>
<td>12.3%</td>
<td>-1.0%</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td>B-Conventional Electricity</td>
<td>WO</td>
<td>117.37</td>
<td>-13.9%</td>
<td>-13.9%</td>
<td>119</td>
<td>1,316.63</td>
<td>1.18</td>
<td></td>
<td>11.8</td>
<td>9.5%</td>
<td>-0.3%</td>
<td>7.6%</td>
<td></td>
</tr>
<tr>
<td>C-Gas Distribution</td>
<td>WO</td>
<td>152.93</td>
<td>-18.7%</td>
<td>-18.7%</td>
<td>34</td>
<td>207.54</td>
<td>1.17</td>
<td></td>
<td>12.2</td>
<td>9.8%</td>
<td>0.4%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td>D-Multiutilities</td>
<td>WO</td>
<td>63.16</td>
<td>-13.6%</td>
<td>-13.6%</td>
<td>30</td>
<td>388.56</td>
<td>1.11</td>
<td></td>
<td>13.0</td>
<td>10.0%</td>
<td>-1.7%</td>
<td>0.0%</td>
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<tr>
<td>E-Water</td>
<td>WO</td>
<td>136.83</td>
<td>-10.5%</td>
<td>-10.5%</td>
<td>23</td>
<td>104.59</td>
<td>1.05</td>
<td></td>
<td>13.5</td>
<td>10.3%</td>
<td>1.2%</td>
<td>0.0%</td>
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<tr>
<td>Utilities UTI@US</td>
<td></td>
<td>104.53</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>58</td>
<td>889.26</td>
<td>0.96</td>
<td></td>
<td>14.3</td>
<td>9.7%</td>
<td>-1.2%</td>
<td>1.7%</td>
<td></td>
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<tr>
<td>Conventional Electricity</td>
<td>US</td>
<td>95.65</td>
<td>-15.8%</td>
<td>-15.8%</td>
<td>30</td>
<td>626.51</td>
<td>0.96</td>
<td></td>
<td>13.8</td>
<td>9.2%</td>
<td>-1.1%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Gas Distribution</td>
<td>US</td>
<td>97.82</td>
<td>-28.0%</td>
<td>-28.0%</td>
<td>12</td>
<td>51.72</td>
<td>1.03</td>
<td></td>
<td>16.0</td>
<td>11.6%</td>
<td>-7.0%</td>
<td>8.3%</td>
<td></td>
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<tr>
<td>Multiutilities</td>
<td>US</td>
<td>65.65</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>7</td>
<td>151.83</td>
<td>1.01</td>
<td></td>
<td>13.9</td>
<td>9.8%</td>
<td>-2.2%</td>
<td>0.0%</td>
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<tr>
<td>Water</td>
<td>US</td>
<td>245.43</td>
<td>-6.5%</td>
<td>-6.5%</td>
<td>5</td>
<td>37.83</td>
<td>0.76</td>
<td></td>
<td>24.2</td>
<td>16.3%</td>
<td>6.1%</td>
<td>0.0%</td>
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</tr>
<tr>
<td>Utilities UTI@EP</td>
<td></td>
<td>66.18</td>
<td>-13.4%</td>
<td>-13.4%</td>
<td>55</td>
<td>589.81</td>
<td>1.22</td>
<td></td>
<td>12.1</td>
<td>9.4%</td>
<td>-3.3%</td>
<td>3.6%</td>
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<tr>
<td>Conventional Electricity</td>
<td>EP</td>
<td>100.86</td>
<td>-11.9%</td>
<td>-11.9%</td>
<td>23</td>
<td>270.82</td>
<td>1.27</td>
<td></td>
<td>11.6</td>
<td>9.1%</td>
<td>-5.1%</td>
<td>8.7%</td>
<td></td>
</tr>
<tr>
<td>Gas Distribution</td>
<td>EP</td>
<td>55.90</td>
<td>-24.7%</td>
<td>-24.7%</td>
<td>7</td>
<td>46.44</td>
<td>1.48</td>
<td></td>
<td>10.0</td>
<td>6.9%</td>
<td>-5.9%</td>
<td>0.0%</td>
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<tr>
<td>Multiutilities</td>
<td>EP</td>
<td>40.49</td>
<td>-11.4%</td>
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<td>13</td>
<td>195.14</td>
<td>1.22</td>
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<td>63.22</td>
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<td>5</td>
<td>32.92</td>
<td>0.86</td>
<td></td>
<td>15.7</td>
<td>8.6%</td>
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The industry groups are presented in bold characters; followed by the sectors of the same region. The economic regions are separated by a white space.

### 2020 sector evolution

From the beginning of the year, the group Utilities recorded a variation of -14.0%, while the index TSC_World evolved by -19.7%. This industry group is made up of 5 sectors, in which the extreme variations were from -18.7% to -10.5%.

### Sector evolution over the last twelve months

The group Utilities recorded a variation of -8.4% over the last 12 months, while the index TSC_World evolved by -11.6%. This industry group is made up of 5 sectors, in which the extreme variations were from -22.4% to 2.4%.
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Closing Price of March 31, 2020

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The performance of the 20 largest stocks of the group is presented below.

**Year to date performance**

Utilities: -14.0%

**12 months performance**

Utilities: -8.4%

The analysis and details of the above stock can be found on page 7

**Top Stocks 2020**

From the beginning of the year, the performance of the group was -14.0%; as for the three best stocks, (GRANDBLUE ENVM.CTD. (600323), INNERGEX RENEW:EN.INCO. (INE) and ELIA GROUP SA (ELI)), their performance was 13.8%, 13.6% and 12.6% respectively.

**Flop Stocks 2020**

APACHE CORP. (APA), TARGA RESOURCES CORP. (TRGP) and PERUSA.GS.NEGARA TBK. PT (PGAS) with -83.7%, -83.1% and -64.3% recorded the three worst performances From the beginning of the year. For the group Utilities, the variation was -14.0%.

Only companies with a market capitalization exceeding $500 million are mentioned.

**Top Stocks 12 months**

Since 12 months ago, the performance of the group has been -8.4%; the three best stocks, (VOLTALIA (VLTSA), FALCK RENEWABLES SPA (FKR) and CMPH.PARNS.DENGA. (CPLE3)) recorded a performances of 60.7%, 47.7% and 47.0% respectively.

**Flop Stocks 12 months**

The three worst performances in 12 months were recorded by APACHE CORP. (APA), TARGA RESOURCES CORP. (TRGP) and PERUSA.GS.NEGARA TBK. PT (PGAS) with -87.9%, -83.4% and -67.0%. As for the group Utilities, it recorded a variation of -8.4%.
The global rating (Global Evaluation) is a multi-criteria approach that identifies the stocks with the best valuations. This assessment is a compilation of fundamental (PE, growth, earnings revisions, dividend, etc.), technical (moving average, relative performance), and sensitivity (behaviour in declining markets and sensitivity to bad news) factors. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars, a neutral to positive valuation, a low to moderate sensitivity. When the global rankings are identical, the analysts’ 7 week earnings per share revision (7 wk EPS rev) acts as the deciding classification element.

The sensitivity assessment is based on essentially two criteria: the stock’s “behaviour in declining markets” (Bear Market Factor), and the stock’s “sensitivity to bad news” (Bad News Factor). By positioning a stock according to the world averages, three sensitivity levels can be attributed (low, moderate, high). Combining these elements makes it possible to create a final ranking of stocks in the market. To present the most useful selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars, a neutral to positive valuation, a low to moderate sensitivity. In case of a tie, the stock’s “behaviour in declining markets” will act as the deciding classification element.

The correlation coefficient allows to identify the stocks whose dependence on the market is the weakest. If this value is very low, less than 0.5, it means that less than 50% of the stock movements are explained by market movements. On the contrary, a number close to 1 indicates that the value is very close to the market developments. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars, a neutral to positive valuation, a low to moderate sensitivity and a minimum correlation of 0.66. In case of a tie in the ranking, the stock’s “behaviour in declining markets” (Bear Market Factor) acts as the deciding classification element.
The price to earnings ratio (PE) helps to find undervalued stocks. It is commonly accepted that if the PE of a stock is lower than the PE of its reference market, the stock has upside price potential. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have: a minimum rating of two stars, a neutral to positive valuation and a low to moderate sensitivity.

The 20 top stocks classified by market capitalization
This is the relationship between the price (P) and the estimated long-term future earnings.

**LT PE**

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 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 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.

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**% 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.

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