

PG&E (PCG:NYS) Fundamental Valuation Report

[Print](#)

This Report was generated using the tools available on StockCalc.com. Patchell Brook Equity Analytics Inc. emphasizes that the user assumes all risks associated with the use of this report or the Stockcalc website including, but not limited to, all terms and conditions mentioned in the legal [disclaimer](#). To access all of the tools on Stockcalc, including more detailed valuation reports and the models used to generate these valuations, please subscribe for a free 30 day trial of Stockcalc [here](#).

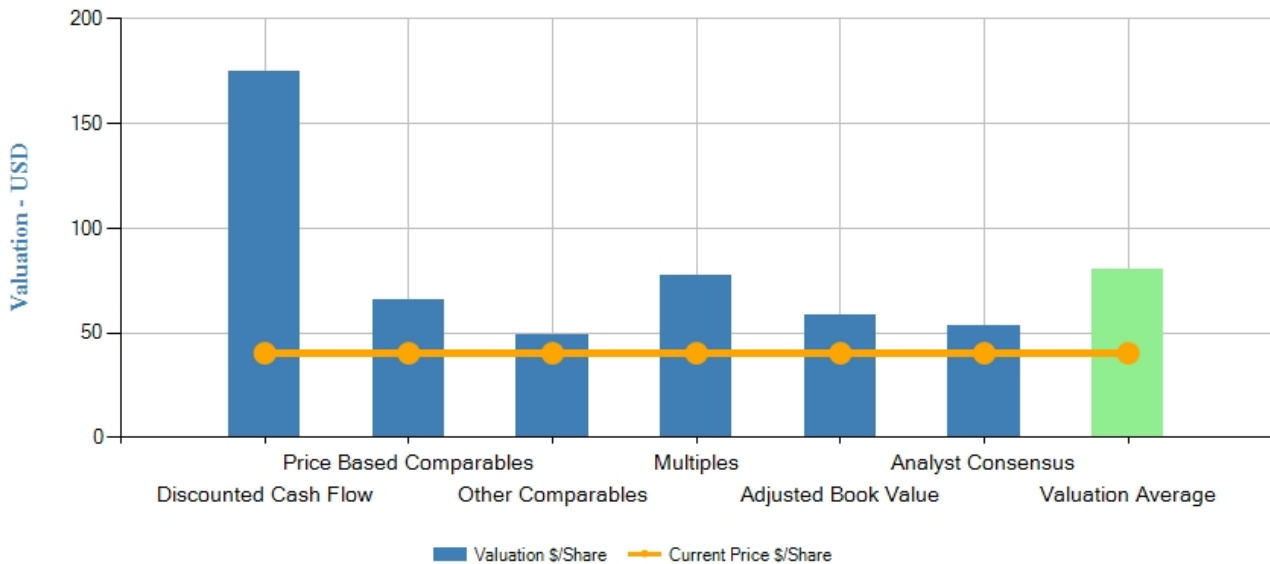
Valuation Summary: PG&E \$40.30 (USD) Close Price as of 05/02/2018

Based on the analysis conducted in this report, PG&E, (PCG:NYS) is found to be **Undervalued**.

Company	PG&E
Symbol:Exchange	PCG:NYS
Industry	Utilities:Utilities-Regulated Electric
Close Price/Date	\$40.30 (USD) 05/02/2018
Weighted Average Valuation	\$55.43 (USD)
Summary	PCG:NYS is found to be Undervalued by 37.5% using the 2 valuation models shown below.
Valuation Models Used (in order of importance)	Analyst Consensus: \$53.33 (USD) Adjusted Book Value: \$58.57 (USD)
Valuation Methods Analysis	This company is:
Cash Flow Basis:	Undervalued on a Cash Flow Valuation basis
Comparable Company Basis:	Undervalued on a Comparable Valuation basis
Asset Basis:	Undervalued on an Asset Valuation basis

Valuation Details

PG&E Valuations



We have up to 6 valuation points for each company. Details are at the bottom of the report.

Discounted Cash Flow and Sensitivity Analysis for PCG:NYS

Using a discounted cash flow model we generated an intrinsic value of **\$174.67 (USD)** for **PCG:NYS**

Sensitivity Analysis

(showing how changes in the input variables impact the DCF calculation)

PCG:NYS	Current Values	Valuation If Dropped *		Valuation If Raised *	
		1%	5%	1%	5%
Calculated Value:	\$174.67	1%	5%	1%	5%
WACC (or Ke)	6.04	\$227.20		\$139.55	
Terminal Growth Rate	1.00	\$142.54		\$222.71	
Tax Rate	0.04		\$187.19		\$162.14
Cash Flow	6,768,010,000		\$162.61		\$186.72
Capital Expenditures	0		\$174.67		\$174.67
Long Term Debt	17,833,000,000		\$176.40		\$172.93

* Changes are absolute: ex WACC from 8% to 7%

Comparables Model

Using similar companies and price based ratios we generated a valuation of **\$65.98 (USD)** for **PCG:NYS**. We also generated a valuation of **\$49.31 (USD)** using other metrics and comparables. The comparable companies were Ameren (AEE:NYS), CMS Energy (CMS:NYS), Alliant Energy (LNT:NYS), SCANA (SCG:NYS) and Xcel Energy (XEL:NAS)

Company PCG:NYS	End Date Value	Price Based on Comps	Adjustment Factor (%)
Earnings/Share	\$4.36 (USD)	\$86.86 (USD)	-1.4
Book Value/Share	\$37.00 (USD)	\$73.19 (USD)	-18.0
Sales/Share	\$34.70 (USD)	\$71.65 (USD)	-21.5
Cash Flow/Share	\$11.46 (USD)	\$79.36 (USD)	-21.9
EBITDA/Share	\$0.00 (USD)	\$0.00 (USD)	-10.0

PCG:NYS	Ratios Used	Average Values	AEE:NYS	CMS:NYS	LNT:NYS	SCG:NYS	XEL:NAS
9.73	PE Ratio	19.92	22.56	23.19	21.37	12.90	19.59
1.15	PB Ratio	1.98	1.87	2.78	2.21	1.00	2.03
1.22	PS Ratio	2.07	2.26	1.95	2.74	1.35	2.04
3.70	PCF Ratio	6.92	6.26	7.90	8.35	4.34	7.76
6.15	EV to EBITDA	10.20	9.52	10.86	12.01	8.54	10.10

Multiples

Using a multiples approach we generated a valuation of **\$77.71 (USD)** for **PCG:NYS**

Company PCG:NYS	End Date Value	Price Based on Comps	Adjustment Factor
Earnings/Share	\$4.36 (USD)	\$99.38 (USD)	0
Book Value/Share	\$37.00 (USD)	\$61.74 (USD)	0
Sales/Share	\$34.70 (USD)	\$55.80 (USD)	0
Cash Flow/Share	\$11.46 (USD)	\$79.34 (USD)	0
EBITDA/Share	\$9.87 (USD)	\$92.29 (USD)	0

Ratios	Ratio Average
PE Ratio	22.79
PB Ratio	1.67
PS Ratio	1.61
PCF Ratio	6.92
EV to EBITDA	9.36

Adjusted Book Value versus Historical Price to Book

The average the Price to Book ratio for **PCG:NYS** for the last 10 years was **1.65**. We ran the Adjusted Book Value for **PCG:NYS** and generated a book value of **\$35.39 (USD)**. By multiplying these we get an adjusted valuation of **\$58.57 (USD)**.

Analyst Data

In the Stockcalc database there are 3 analysts that provide a valuation for **PCG:NYS**. The 3 analysts have a consensus valuation for **PCG:NYS** for 2018 of **\$53.33 (USD)**.

PCG:NYS PG&E

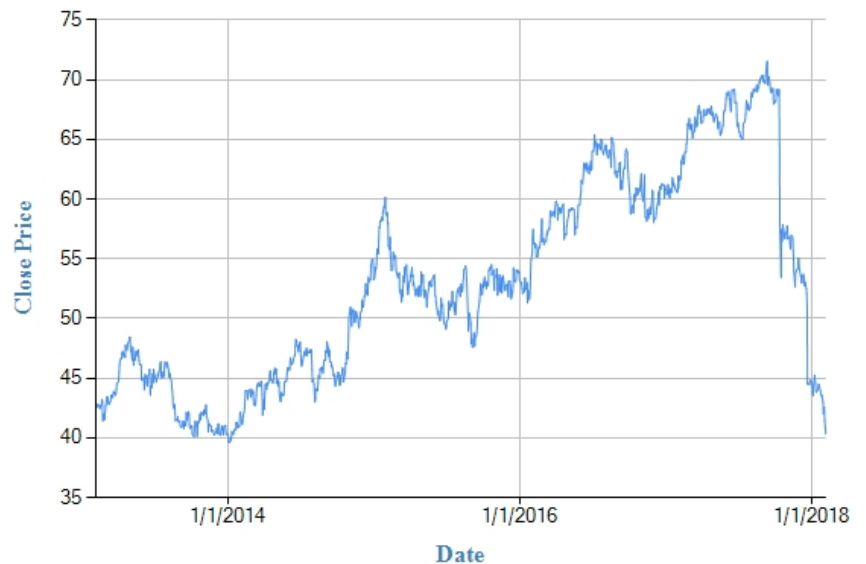
Analyst Recommendation					
Buy	Hold	Sell	Rating (of 5)	Guidance	As Of
1	3	0	3.6000	Outperform	2018-1-30

Current Price: not available

Analyst Consensus			
USD Millions	2017	2018	2019
Mean EPS	3.67	3.86	3.98
# EPS Analysts	4	4	2
Mean Revenue	17,856.40	18,253.80	17,281.00
# Revenue Analysts	3	3	1
Mean Target Price		53.33	
Mean Cash Flow	11.30	8.25	
Mean EBITDA	6,111.00	5,400.10	6,701.00
Mean Net Income	1,861.80	2,002.30	2,099.00
Mean Debt Outstanding			
Mean Tax Rate	20.30	18.00	18.00
Mean Growth Rate		4.88	
Mean Capital Expenditure	5,937.00	6,100.00	

Company Overview (PCG:NYS USD)

Price	40.30
Range	40.30 - 41.70
52 week	40.30 - 71.56
Open	41.55
Vol / Avg.	4.96M/1.19M
Mkt cap	20.71B
P/E	9.73
Div/yield	0.00/0.05
EPS	2.78
Shares	513.77M
Beta	0.23



Detailed Company Description

PG&E Corp is an electric utility company that provides electricity as well as natural gas distribution, electricity generation, procurement, and transmission, and natural gas procurement, transportation, and storage.

Explanation of Valuation Models

We have up to 6 valuation points for each company in the database.

The **Discounted Cash Flow (DCF)** valuation is a cash flow model where cash flow projections are discounted back to the present to calculate value per share. DCF is a common valuation technique especially for companies undergoing irregular cash flows such as resource companies (mining, forestry, oil and gas) going through price cycles or smaller companies about to generate cash flow (junior exploration companies, junior pharma, technology firms...).

The **Price Comparables** valuation is the result of valuing the company we are looking at on the basis of ratios from selected comparable companies: Price to Earnings, Price to Book, Price to Sales, Price to Cash Flow, Enterprise Value (EV) to EBITDA. Each of these ratios for the selected comparable companies are averaged and multiplied by the values for the company we are interested in to calculate a value per share for our selected company.

We have included the **Other Comparables** as a way to value companies that cannot be valued using Earnings based ratios. This technique is very useful for companies still experiencing negative cash flows such as mining exploration firms. We use Cash/Share, Book Value/Share, MarketCap, 1 Year Return, NetPPE as the ratios here. Each of these ratios for the selected comparable companies are averaged and multiplied by the values for the company we are interested in to calculate a value per share for our selected company.

Multiples are similar to Price comparables where we look at current or historic ratios for the company in question to assess what it should be worth today based on those historic ratios. We use the same 5 ratios as in the price comparables and value the company with its historic averages.

With **Adjusted Book Value (ABV)** we calculate the book value per share for the company based on its balance sheet and multiply that book value per share by its historical price to book ratio to calculate a value per share.

If we have **Analyst coverage** for the company we use the consensus target price here.

Notice to User

The contents of this report and the Stockcalc website are provided on an “as is” or “as available” basis with all faults and may not be current in all cases. The information in this report or on the website is subject to continuous change and Patchell Brook Equity Analytics Inc. assumes no responsibility to update or amend such information or that the information will be current. Patchell Brook Equity Analytics Inc. does not claim that all information, calculations or opinions presented in this report or on its website are true, reliable, or complete. Accordingly, you should not rely on any of the information as authoritative or as a substitute for the exercise of your own skill and judgment in making an investment or other decision. Any information, data, opinions, calculations or recommendations provided by third parties through links to other websites or otherwise made available through this report or website are solely those of the third party and not of Patchell Brook Equity Analytics Inc. Please refer to the Terms of Use on www.stockcalc.com for further information. To access all of the tools on Stockcalc, including more detailed valuation reports and the models used to generate these valuations, please subscribe for a free 30 day trial of Stockcalc [here](#).