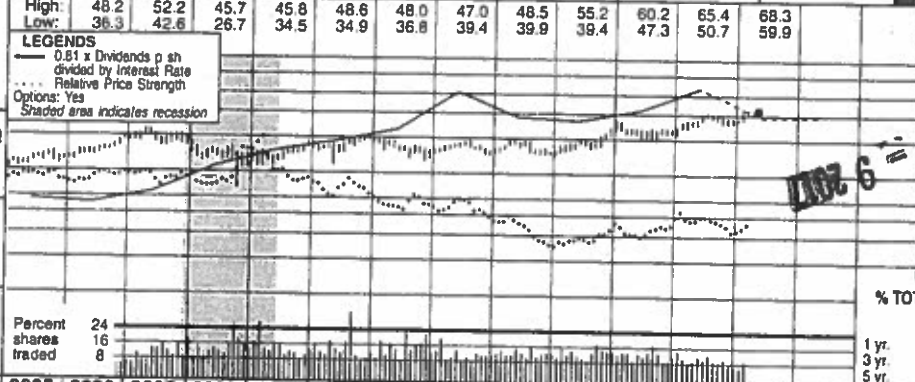


MAY - 9 2017

# PG&E CORP. NYSE:PCG

RECENT PRICE **67.53** P/E RATIO **15.9** (Trailing: 24.0 Median: 17.0) RELATIVE P/E RATIO **0.81** DIV'D YLD **3.1%** VALUE LINE **2232**

**TIMELINESS** 3 Lowered 3/10/17  
**SAFETY** 3 Lowered 2/3/12  
**TECHNICAL** 3 Raised 4/14/17  
**BETA** .65 (1.00 = Market)



Target Price Range	2020	2021	2022
	120	100	80
	64	48	32
	24	20	16
	12	8	8

% TOT. RETURN 3/17	THIS STOCK	VL ARITH. INDEX
1 yr.	14.6	20.2
3 yr.	70.1	22.0
5 yr.	82.5	78.0

**2020-22 PROJECTIONS**

High	Price	Gain	Ann'l Total Return
85	85	(+25%)	9%
55	55	(-20%)	-7%

**Insider Decisions**

	J	A	S	O	N	D	J	F
To Buy	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0
To Sell	0	0	0	0	0	0	0	0

**Institutional Decisions**

	202018	3Q2018	4Q2018
To Buy	302	250	290
To Sell	200	260	237
Net Buy	404165	405893	415770

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	VALUE LINE PUBL. LLC	20-22
63.18	32.74	25.05	26.47	31.78	30.02	37.42	40.51	36.15	35.02	36.28	34.92	34.16	35.91	34.21	34.85	35.65	36.75	Revenues per sh	41.25
5.66	1.14	4.80	5.71	7.12	7.76	8.02	8.44	8.37	8.22	8.08	7.32	6.33	8.13	7.29	8.23	9.20	9.20	"Cash Flow" per sh	11.00
3.02	2.36	2.05	2.12	2.35	2.76	2.78	3.22	3.00	2.82	2.76	2.07	1.83	3.06	2.00	2.83	3.65	3.90	Earnings per sh A	4.50
				1.23	1.32	1.44	1.56	1.68	1.82	1.82	1.82	1.82	1.82	1.82	1.93	2.08	2.27	Div'd Decl'd per sh B=†	2.90
7.33	7.94	4.08	3.72	4.90	6.90	7.83	10.05	10.68	9.62	9.79	10.74	11.40	10.16	10.51	11.26	11.65	11.55	Cap'l Spending per sh	11.50
11.89	9.47	10.12	20.62	19.60	22.44	24.18	25.97	27.88	28.55	29.35	30.35	31.41	33.09	33.69	35.39	37.50	39.45	Book Value per sh C	45.50
363.38	361.67	416.52	418.62	368.27	348.14	353.72	361.06	370.60	395.23	412.26	430.72	456.67	475.91	492.03	505.89	515.00	520.00	Common Shs Outst'g D	535.00
4.8		9.5	13.8	15.4	14.8	16.8	12.1	13.0	15.8	15.5	20.7	23.7	15.0	26.4	21.1			Avg Ann'l P/E Ratio	15.5
.25		.54	.73	.82	.80	.89	.73	.87	1.01	.97	1.32	1.33	.79	1.33	1.11			Relative P/E Ratio	.95
				3.4%	3.2%	3.1%	4.0%	4.3%	4.1%	4.2%	4.2%	4.2%	4.0%	3.4%	3.2%			Avg Ann'l Div'd Yield	4.1%

**CAPITAL STRUCTURE as of 12/31/16**  
 Total Debt \$18436 mill. Due in 5 Yrs \$5479 mill.  
 LT Debt \$16220 mill. LT Interest \$754 mill.  
 (LT Interest earned: 2.8x)  
 Leases, Uncapitalized Annual rentals \$44 mill.  
 Pension Assets-12/16 \$14729 mill.  
 Oblig \$17305 mill.  
 Pfd Stock \$252 mill. Pfd Div'd \$14 mill.  
 4,534,958 shs. 4.36% to 5%, cumulative and \$25 par, redeemable from \$25.75 to \$27.25; 5,784,825 shs. 5.00% to 6.00%, cumulative nonredeemable and \$25 par.  
 Common Stock 507,782,249 shs. as of 2/7/17  
**MARKET CAP: \$34 billion (Large Cap)**

13237	14628	13399	13841	14956	15040	15598	17090	16833	17666	18350	19100	Revenues (\$mill)	22100
1020.0	1198.0	1168.0	1113.0	1132.0	893.0	828.0	1450.0	988.0	1431.0	1885	2060	Net Profit (\$mill)	2485
34.6%	26.2%	31.1%	33.0%	30.3%	23.9%	24.5%	19.2%	19.2%	3.7%	20.0%	20.0%	Income Tax Rate	20.0%
9.4%	9.5%	11.9%	14.4%	11.2%	17.5%	17.9%	10.0%	15.7%	11.4%	9.0%	8.0%	AFUDC % to Net Profit	7.0%
52.6%	52.2%	51.4%	49.6%	48.8%	48.7%	46.6%	48.5%	48.8%	47.1%	46.5%	45.5%	Long-Term Debt Ratio	47.0%
46.1%	46.5%	47.4%	49.3%	50.2%	50.4%	52.5%	50.4%	52.1%	53.0%	54.0%	54.0%	Common Equity Ratio	52.5%
18558	20163	21793	22863	24119	25956	27311	31050	32858	34412	36475	38075	Total Capital (\$mill)	46300
23656	26261	28892	31449	33655	37523	41252	43941	46723	50581	53725	56725	Net Plant (\$mill)	65300
7.4%	7.8%	6.7%	6.2%	5.9%	4.7%	4.2%	5.8%	4.1%	5.2%	6.0%	6.5%	Return on Total Cap'l	6.5%
11.6%	12.4%	11.0%	9.6%	9.2%	6.7%	5.7%	9.1%	5.9%	7.9%	9.5%	10.0%	Return on Shr. Equity	10.0%
11.8%	12.6%	11.2%	9.7%	9.2%	6.7%	5.7%	9.1%	5.9%	7.9%	9.5%	10.0%	Return on Com Equity E	10.0%
6.0%	6.8%	5.5%	3.9%	3.4%	1.0%	2%	3.9%	7%	2.8%	4.0%	4.0%	Retained to Com Eq	4.0%
50%	47%	52%	61%	63%	85%	96%	88%	65%	57%	58%	58%	All Div'ds to Net Prof	63%

**ELECTRIC OPERATING STATISTICS**

	2014	2015	2016
% Change Retail Sales (KWH)	-2	-5	-3.3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Rev. per KWH (¢)	9.98	9.73	9.90
Capacity at Peak (MW)	NMF	NMF	NMF
Peak Load, Summer (MW)	NMF	NMF	NMF
Annual Load Factor (%)	NMF	NMF	NMF
% Change Customers (yr-end)	+6	+7	

**BUSINESS:** PG&E Corporation is a holding company for Pacific Gas and Electric Company and nonutility subsidiaries. Supplies electricity and gas to most of northern and central California. Has 5.4 million electric and 4.4 million gas customers. Electric revenue breakdown: residential, 40%; commercial, 39%; industrial, 11%; agricultural, 9%; other, 1%. Generating sources: nuclear, 24%; hydro, 11%; gas, 7%; purchased, 58%. Fuel costs: 30% of revenues. '16 reported depreciation rate (utility) 3.8%. Has 24,000 employees. Chairman, President & Chief Executive Officer: Anthony F. Earley, Jr. President & CEO: Geisha J. Williams. Incorporated: California. Address: 77 Beale Street, P.O. Box 770000, San Francisco, CA 94177. Tel.: 415-973-1000. Internet: www.pgecorp.com.

**Fixed Charge Cov. (%)** 304 189 242

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'22
of change (per sh)	10 Yrs.	5 Yrs.	to '20-'22
Revenues	1.0%	-5%	3.0%
"Cash Flow"	1.5%	-1.0%	5.5%
Earnings	1.0%	-2.0%	9.5%
Dividends	8.0%	1.0%	7.5%
Book Value	5.0%	3.5%	5.0%

**PG&E has received a proposed decision from an administrative law judge for its general rate case.** The utility reached a settlement calling for rate increases for electricity and gas totaling \$88 million in 2017 (retroactive to the start of the year), \$444 million in 2018, and \$361 million in 2019. The ALJ's recommendation was similar to the settlement, except that the hike this year would be \$86 million. A ruling from the California Public Utilities Commission (CPUC) is expected soon.

have been hurt by unrecovered costs associated with the accident. Much of this (and \$300 million in fines) was funded with equity, which is why the share count is much higher than in 2010. PG&E expects to record most of the last of these costs in the first quarter of 2017. However...

**QUARTERLY REVENUES (\$ mill.)**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	3891	3952	4939	4308	17090
2015	3899	4217	4550	4167	16833
2016	3974	4169	4810	4713	17666
2017	4350	4400	4900	4700	18350
2018	4400	4600	5150	4950	19100

**The utility has reached a settlement regarding its cost of capital.** (In California, the cost of capital is reviewed separately from a general rate case.) The settlement, if approved by the CPUC, would reduce PG&E's allowed return on equity from 10.4% to 10.25%, beginning in 2018. Its common-equity ratio would remain at 52%. The change would reduce the utility's earning power by an estimated \$29 million.

**Costs associated with a wildfire in 2015 are unresolved.** The estimated third-party claims are \$750 million, and the utility also incurred cleanup and legal expenses. PG&E believes the claims are recoverable through insurance, but the net effect of this reduced the bottom line by \$0.27 a share in 2016.

**EARNINGS PER SHARE A**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.49	.57	1.71	.27	3.06
2015	.27	.83	.63	.27	2.00
2016	.22	.46	.77	1.36	2.83
2017	.85	.75	1.30	.75	3.65
2018	.90	.80	1.40	.80	3.90

**We look for a dividend hike with the July payment.** That was the timing of the raise last year—the first increase since the San Bruno explosion. We estimate that the board of directors will boost the quarterly disbursement by \$0.04 a share (8.2%). PG&E is targeting a payout ratio of 55%-65%.

**QUARTERLY DIVIDENDS PAID B=†**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.455	.455	.455	.455	1.82
2014	.455	.455	.455	.455	1.82
2015	.455	.455	.455	.455	1.82
2016	.455	.455	.455	.455	1.82
2017	.49	.49			1.89

**Earnings should be much improved this year and next.** Ever since a gas pipeline exploded in San Bruno, California in September of 2010, PG&E's earnings

**We have a neutral stance on this stock.** The dividend yield and 3- to 5-year total return potential are not far from the averages for the electric utility industry. *Paul E. Debbas, CFA* April 28, 2017

(A) Diluted EPS. Excl. nonrec. gains (losses): '04, \$6.95; '09, 18¢; '11, (68¢); '12, (15¢); '15, (21¢); '16, (5¢); gain from disc. ops. '08, 41¢. '14 & '16 EPS don't sum due to change in shs.

outstanding. Next earnings report due early May (B) Div's historically paid in mid-Jan., Apr., July and Oct. = Div'd reinvest. plan avail. (C) Shareholder investment plan avail. (D) In mill. (E) Rate base: net orig. cost. Rate allowed on com. eq. in '15: 10.4%, earned on avg. com. eq. '16: 8.2%. Regulatory Climate: Average.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	50

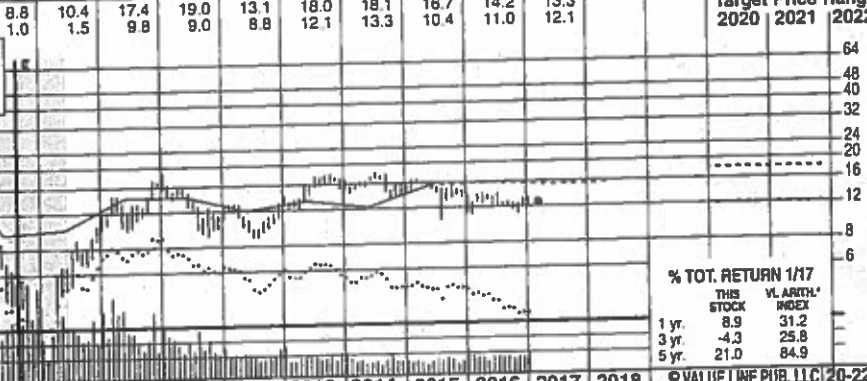
# FORD MOTOR NYSE-F

RECENT PRICE **12.52** P/E RATIO **8.1** (Training: 7.1 Median: NMF) RELATIVE P/E RATIO **0.42** DIV'D YLD **4.8%** VALUE LINE **105**

**TIMELINESS** 2 Raised 1/6/17  
**SAFETY** 3 Raised 5/23/14  
**TECHNICAL** 4 Lowered 2/3/17  
**BETA** 1.20 (1.00 = Market)

High: 9.5 9.7 8.8 10.4 17.4 19.0 13.1 18.0 18.1  
 Low: 8.1 8.6 1.0 1.5 9.8 9.0 8.8 12.1 13.3

LEGENDS  
 4.0 x "Cash Flow" p sh  
 Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession



**2020-22 PROJECTIONS**

Price	Gain	Ann'l Total
High 19	(+45%)	12%
Low 12	(-5%)	3%

**Insider Decisions**

to Buy	A	M	J	A	S	O	N	D
Options	1	3	0	0	0	0	0	0
to Sell	1	3	0	0	0	0	0	1

**Institutional Decisions**

to Buy	10/20/16	2/20/16	3/20/16	Percent
to Buy	582	533	455	60
to Sell	457	467	515	40
Market	230344622397	152164877		20

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
89.24	89.84	90.10	93.75	95.93	84.61	78.14	61.04	36.74	34.09	36.53	34.02	37.23	36.59	37.77	37.50	37.50	37.50
5.56	8.48	8.31	9.41	8.93	7.24	5.79	2.38	2.49	3.56	3.56	3.00	3.32	3.06	3.87	3.95	3.85	3.90
0.02	0.15	0.50	2.13	1.25	0.15	0.19	0.00	1.91	1.95	1.42	1.62	1.16	1.73	1.76	1.65	1.70	1.70
1.05	4.00	4.00	4.00	4.00	2.50	2.79	1.42	1.08	1.15	1.39	1.67	1.90	1.82	1.75	1.90	1.70	1.70
3.85	4.00	4.23	3.68	4.07	3.62	2.79	1.42	1.08	1.15	1.39	1.67	1.90	1.82	1.75	1.90	1.70	1.70
4.28	3.07	6.36	8.76	7.02	0.83	2.55	0.72	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
1820.0	1819.0	1832.0	1830.9	1846.0	1892.5	2207.0	2396.3	3220.5	3782.7	3729.9	3946.0	3946.0	3938.0	3960.0	4047.0	4075.0	4100.0
NMF	NMF	21.6	6.8	8.3	..	..	..	NMF	6.7	6.8	7.7	9.5	13.7	8.1	7.2	7.0	7.0
NMF	NMF	1.23	.36	.44	..	..	..	NMF	.43	.43	.49	.53	.72	.41	.38	4.0%	4.8%
4.5%	3.0%	3.7%	2.8%	3.8%	3.2%	..	..	..	..	1.8%	2.6%	3.1%	..	..	..	..	..

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues per sh	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45	38.45
"Cash Flow" per sh	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Earnings per sh <sup>A</sup>	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Div'ds Decl'd per sh <sup>B</sup>	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72	.72
Cap'l Spending per sh	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Book Value per sh	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20
Common Shs Outst'g <sup>C</sup>	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0	4175.0
Avg Ann'l P/E Ratio	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Relative P/E Ratio	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Avg Ann'l Div'd Yield	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%

**CAPITAL STRUCTURE** as of 12/31/16  
 Total Debt \$143.0 bill. Due in 5 Yrs \$100.0 bill.  
 LT Debt \$93.3 bill. LT Interest \$3.5 bill.  
 (Total Int. coverage: 3.2x)

**Pension Assets** 12/15 \$66.4 bill.  
 Oblig. \$80.3 bill.

**Common Stock** 4.047 mill. shs.  
 (Includes Common and Class B)

**MARKET CAP:** \$50.7 billion (Large Cap)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
172455	146277	118308	128954	136264	134252	146917	144077	149558	151800	152750	153750	160500	160500	160500	160500	160500	160500
13.4%	5.9%	11.0%	15.2%	12.3%	11.5%	11.3%	9.9%	12.4%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
69354	32460	63253	47376	47211	61928	61851	76241	83979	18180	22175	21825	20850	20850	20850	20850	20850	20850
107478	90716	89372	62287	59374	85927	76868	79999	75657	93300	90800	88300	80800	80800	80800	80800	80800	80800
5628.0	0.17311	0.7820	0.673.0	15028	15947	26383	24832	28642	29170	32375	35750	46675	46675	46675	46675	46675	46675
NMF	NMF	3.7%	16.5%	13.2%	7.4%	8.2%	6.1%	8.6%	7.0%	7.0%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
NMF	NMF	..	..	52.5%	35.5%	25.0%	18.7%	25.7%	24.1%	21.0%	19.5%	17.4%	15.8%	13.0%	12.5%	10.5%	10.5%
NMF	NMF	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

**CURRENT POSITION** (SMILL)

	2014	2015	12/31/16
Cash Assets	10757	14272	15905
Receivables	92819	101975	57368
Inventory (FIFO)	7866	8319	8898
Other	20393	18975	26290
Current Assets	131835	143541	108461
Accts Payable	20035	20272	21296
Debt Due	13639	41219	49669
Other	17934	17992	19316
Current Liab.	51608	79463	90281

**ANNUAL RATES** Past Past Est'd '13-'15  
 of change (per sh) 10 Yrs. 5 Yrs. to '20-'22

Sales	-9.0%	-3.5%	5%
"Cash Flow"	-9.0%	4.0%	2.5%
Earnings	2.0%	..	3.5%
Dividends	2.5%	..	4.0%
Book Value	-1.0%	..	8.5%

**BUSINESS:** Ford Motor Company is the second-largest domestic automobile manufacturer. Its vehicle brands include Ford and Lincoln. Sales represented 14.7% of U.S. car and truck market in 2015. Also it engages in vehicle leasing and rental, and the manufacturing of electronic equipment. Financial Services Group includes Ford Motor Credit and U.S. Leasing. Foreign operations accounted for about 38% of 2015 sales. Sold Volvo, 8/10. Has about 187,000 employees. Ford family, officers and directors own 0.7% of stock, and have 46% of voting power (3/16 Proxy). Chairman: William Clay Ford, Jr. President & CEO: Mark Fields. Incorporated: DE. Address: One American Road, Dearborn, MI 48126. Telephone: 313-322-3000. Internet: www.ford.com.

**On the whole, Ford put in a solid performance in 2016.** Fueled by sustained strong numbers in North America and a near doubling of results in other regions, the company delivered adjusted profits before taxes that were second only to 2015's tally.

**Results in the U.S. will likely take a small step back this year.** Although performance should remain strong on an absolute basis, volume will likely come down slightly as domestic demand appears to be peaking. Also, the company will have a less aggressive launch schedule, and investment spending will be up.

**The same goes for Europe.** Although the company expects its operations there to remain profitable, a weaker pound sterling due to Brexit and higher launch costs related to the *Fiesta* and *EcoSport* will weigh on results.

**Improvement in other regions should provide some offset.** Ford expects to see higher profits in Asia/Pacific, thanks to gains in volume and mix. However, margins in China will likely remain under pressure due to negative pricing. Meanwhile, South America appears to be bot-

**QUARTERLY REVENUES (\$ MIL.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	35876	37411	34920	35870	144077
2015	33900	37263	38144	40251	149558
2016	37718	39485	35943	38654	151800
2017	37450	39600	36600	39100	152750
2018	37550	39750	37100	39350	153750

**EARNINGS PER SHARE<sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.26	.40	.24	.26	1.16
2015	.23	.47	.45	.58	1.73
2016	.68	.52	.25	.30	1.76
2017	.45	.45	.35	.40	1.65
2018	.46	.46	.36	.42	1.70

**QUARTERLY DIVIDENDS PAID<sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.10	.10	.10	.10	.40
2014	.125	.125	.125	.125	.50
2015	.15	.15	.15	.15	.60
2016	.15	.15	.15	.15	.60
2017	.15	.15	.15	.15	.60

toming, and losses should improve as economic conditions recover. The Middle East and Africa should also do better as commodity-driven economies recover. Lower costs, pricing gains, and more-favorable exchange rates should also help. **Investments in emerging opportunities will keep earnings growth in check in 2017.** These will largely be directed at autonomy, electrification, and mobility. A key goal is to have available in 2021 a high-volume, fully autonomous vehicle for ride sharing. On the plus side, some of these costs will be offset by over \$3 billion in anticipated cost efficiencies. **The stock is a favored selection for year-ahead relative price performance (Timeliness 2).** Earnings should regain some lost ground next year, as more of the company's growth initiatives take hold. Looking further out, we project annual share-net growth to average in the 3% to 4% range out to 2020-2022. Although that would suggest below-average price appreciation potential, the recent yield gives the stock worthwhile total return prospects over that span.

Mario Ferro  
 February 17, 2017

(A) Dil. earnings. Excl. nonrec. gains (losses): '03, (.23e); '04, (.59e); '05, (.23e); '06, (.552e); '07, (.512e); '08, (.333e); '09, .86e; '10, (.25e); '11, (.299e); '13 (14e); '14, (.36e); '15, (.3e). Excludes discontinued operations: '04, (.8e); '05, 2e; '07, 2e. Next earnings report due late April. May not sum due to rounding/change in shs outstanding. (B) Div'ds susp. 9/06. Reinstated 12/11. Special cash div'ds: 3/16, 25c; 3/17, 5c. (C) In millions. (D) Approx. 70.9 mill. class B shares have 40% of voting power. (E) Date of stock recapitalization.

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Company's Financial Strength	B+
Stock's Price Stability	60
Price Growth Persistence	40
Earnings Predictability	40

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# ALPHABET INC. NDQ-GOOG

RECENT PRICE **796.79** P/E RATIO **25.9** (Trailing: 28.6 Median: 25.0) RELATIVE P/E RATIO **1.30** DIV'D YLD **Nil** VALUE LINE **2634**

**TIMELINESS** 4 Lowered 11/18/16  
**SAFETY** 2 Lowered 11/3/15  
**TECHNICAL** 3 Lowered 12/30/16  
**BETA** 1.00 (1.00 = Market)

**LEGENDS**  
 18.0 x "Cash Flow" p sh  
 .... Relative Price Strength  
 2-for-1 split 4/14  
 Options: Yes  
 Shaded area indicates recession

**2019-21 PROJECTIONS**

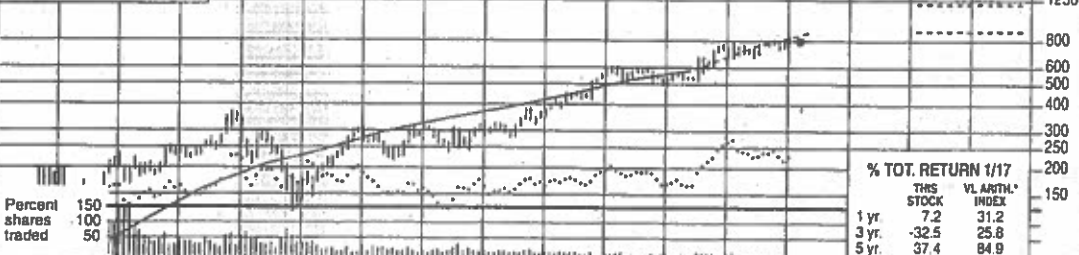
	Price	Gain	Ann'l Total Return
High	1200	(+50%)	77%
Low	890	(+10%)	3%

**Insider Decisions**

	M	A	M	J	A	S	O	N
to Buy	0	0	0	0	0	0	0	0
Options	5	5	5	5	5	4	4	5
to Sell	4	4	4	4	4	4	4	6

**Institutional Decisions**

	10/2016	20/2016	30/2016
to Buy	823	815	739
to Sell	801	784	813
Net Buy	243596	238276	237922



Google Inc. undertook its initial public offering on August 19, 2004, selling approximately 19.6 million shares of its Class A Common stock for \$85 a share. Of the total shares, the company sold 14.1 million, and selling stockholders sold 5.5 million. The lead underwriters of the offering were Morgan Stanley and Credit Suisse First Boston.

**CAPITAL STRUCTURE as of 9/30/16**  
 Total Debt \$3938 mill. Due in 5 Yrs. \$3245 mill.  
 LT Debt \$3938 mill. LT Interest \$80.0 mill. (3% of Cap'l)

Leases, Uncapitalized: Annual rentals \$646 mill.

Pension Liability None  
 Pfd Stock None

Common Stock 689,238,589 shares (296,087,212 Class A shares, 48,060,629 Class B shares, and 345,090,748 Class C shares) C D  
 as of 10/27/16  
**MARKET CAP: \$549 billion (Large Cap)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	19-21
Revenues per sh	17.16	26.48	34.58	37.21	45.63	58.29	76.10	89.03	96.97	109.10	130.85	150.00	210.75
"Cash Flow" per sh	5.56	8.00	10.33	12.21	14.90	17.12	19.38	22.31	26.20	29.04	37.90	46.00	60.65
Earnings per sh <sup>A</sup>	4.75	6.65	8.35	10.21	13.16	14.88	16.23	18.03	20.82	22.84	27.85	35.00	47.50
Div'ds Decl'd per sh	..	..	..	..	..	..	..	..	..	..	..	..	Nil
Cap'l Spending per sh	3.08	3.84	3.74	1.27	6.25	5.29	4.96	10.95	16.10	14.43	20.30	23.20	28.00
Book Value per sh	27.57	36.21	44.81	56.65	71.96	89.42	108.77	129.92	153.54	175.07	201.50	246.60	377.00
Common Shs Outst'g <sup>B</sup>	618.00	626.55	630.23	635.54	642.60	650.27	659.33	672.00	680.62	687.35	690.00	690.00	690.00
Avg Ann'l P/E Ratio	43.4	40.7	27.6	21.5	20.3	19.1	19.8	24.6	27.0	26.3	26.7	26.7	22.0
Relative P/E Ratio	2.34	2.16	1.66	1.43	1.29	1.20	1.26	1.38	1.42	1.33	1.39	1.39	1.40
Avg Ann'l Div'd Yield	..	..	..	..	..	..	..	..	..	..	..	..	Nil
Revenues (\$mill)	10605	16594	21796	23651	29321	37905	50175	59825	66001	74989	90272	103500	145410
Operating Margin	38.1%	35.5%	36.0%	40.4%	39.0%	34.7%	29.4%	28.0%	30.9%	31.3%	34.9%	37.0%	35.0%
Depreciation (\$mill)	494.4	807.7	1212.2	1240.0	1067.0	1396.0	1988.0	2781.0	3523.0	4132.0	5267.0	5500	6250
Net Profit (\$mill)	2940.7	4203.7	5299.3	6520.4	8505.0	9737.0	10788	12214	14306	15826	20887	26250	35615
Income Tax Rate	26.7%	25.9%	9.5%	22.2%	21.2%	21.0%	19.4%	15.7%	18.9%	16.8%	20.0%	20.0%	20.0%
Net Profit Margin	27.7%	25.3%	24.3%	27.6%	29.0%	25.7%	21.5%	20.4%	21.7%	21.1%	23.1%	25.4%	24.5%
Working Cap'l (\$mill)	11735	15254	17876	26420	31566	43845	46117	56978	63880	70804	88652	84465	75370
Long-Term Debt (\$mill)	..	..	..	..	..	2986.0	2988.0	2236.0	3228.0	1995.0	3935	4000	5000
Shr. Equity (\$mill)	17040	22690	28239	36004	46241	58145	71715	87309	104500	120331	139036	165285	260130
Return on Total Cap'l	17.3%	18.5%	18.8%	18.1%	18.4%	16.0%	14.4%	13.7%	13.3%	13.0%	14.5%	15.5%	13.5%
Return on Shr. Equity	17.3%	18.5%	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	15.0%	16.0%	13.5%
Retained to Com Eq	17.3%	18.5%	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	15.0%	16.0%	13.5%
All Div'ds to Net Prof	..	..	..	..	..	..	..	..	..	..	..	..	Nil

**CURRENT POSITION (\$MILL.)**

	2014	2015	9/30/16
Cash Assets	64395	73066	83056
Receivables	9383	11556	11979
Inventory	..	..	..
Other	6907	5492	3511
Current Assets	80685	90114	98546
Accts Payable	1715	1931	2175
Debt Due	2009	3225	..
Other	13081	14154	12148
Current Liab.	16805	19310	14323

**BUSINESS:** Alphabet Inc. is the successor and parent holding company of Google Inc., which operates the world's leading Internet search engine. The company derives revenues primarily through delivering targeted advertising. Revenues are also derived from the licensing of search technology and solutions to enterprises. Revenues in 2015: United States, 46%; International, 54%. Has 61,814 employees. Off. & dir. own less than 1% of Class A common stock, 94.9% of Class B; Fidelity, 6.3% of Class A; BlackRock, 5.9% of Class A (4/16 Proxy). Exec. Chrmn: Dr. Eric Schmidt. Co-founder & CEO: Larry Page. Pres. & Dir.: Sergey Brin. Inc.: Del. Addr.: 1600 Amphitheatre Parkway, Mountain View, California 94043. Telephone: 650-253-0000. Internet: www.google.com.

**ANNUAL RATES of change (per sh)**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
Revenues	31.5%	20.0%	13.5%
"Cash Flow"	33.5%	15.5%	14.5%
Earnings	33.0%	14.0%	15.0%
Dividends	..	..	Nil
Book Value	35.5%	21.5%	16.0%

**Since our November review, shares of Alphabet have continued to climb higher.** Over that period, the stock's price advanced 8.5%, versus the S&P 500, which logged a slightly more modest 7.8% gain. Meanwhile, the company recently posted solid fourth-quarter and annual financial results. Indeed, 2016 revenues climbed 20.5%, to almost \$90.3 billion. This was driven by a rise in Google segment contributions thanks to growth in Mobile Search. At the same time, YouTube continues to be a contributing factor, as video advertising across TrueView and buying on DoubleClick Manager persists. Other revenues benefited from strong performance in hardware, Play and Cloud. The Other Bets unit is gaining traction thanks to Nest, Fiber, and Verily. On the profitability front, overall expenses declined 50 basis points as a percentage of the top line. Combined, these factors equated to a 22% rise in the bottom line, to \$27.85 a share. **Double-digit top- and bottom-line gains ought to persist in 2017, as well.** At the moment, Mobile Search, YouTube, and programmatic advertising are the company's bread and butter. Further benefits will likely stem from nonad revenue sources like Nest, the learning thermostat; Verily, its life sciences tool that collects and organizes health data to find medical breakthroughs, and Waymo, which is its self-driving car unit. The latter has begun to be installed in the new Chrysler Pacifica minivan. Finally, machine learning and artificial intelligence will likely be a primary driver down the road, as it improves and makes day-to-day tasks more efficient. This pertains to search, marketing, and recommendations, as well as a myriad of other applications. **These shares have fallen one notch in Timeliness.** They are now ranked 4, suggesting they will lag the broader market averages in the year ahead. What's more, at their recent quotation, Alphabet shares are trading near the low end of our Target Price Range. As a result, capital appreciation potential is just about average. Finally, this stock is closely watched when it comes to Wall Street. Subsequently, interested investors may find it difficult to get an attractive entry point.

Bryan J. Fong  
February 10, 2017

**QUARTERLY REVENUES (\$mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	13969	14105	14893	16858	59825
2014	15420	15955	16523	18103	66001
2015	17258	17727	18675	21329	74989
2016	20257	21500	22451	26064	90272
2017	23560	24805	25755	29380	103500

**EARNINGS PER SHARE<sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	4.94	3.78	4.36	4.95	18.03
2014	5.33	5.09	4.91	5.50	20.82
2015	5.10	4.93	5.73	7.06	22.84
2016	6.02	7.00	7.25	7.56	27.85
2017	7.50	8.50	8.75	10.25	35.00

**QUARTERLY DIVIDENDS PAID**

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

(A) Diluted earnings per share for Class A and B common stock and Class C capital stock. Excludes nonrecurring gains/losses: '06, 22c; '08, (\$1.69); '14, (\$0.55). Qtrly egs. may not sum. Next earnings report due late April. (B) In millions. (C) Class A common stock entitled to one vote per share. Class B common stock entitled to 10 votes per share. Class C common stock is non-voting. (D) All preferred stock converted to Class B common stock upon initial public offering.

**Company's Financial Strength** A++  
**Stock's Price Stability** 70  
**Price Growth Persistence** 90  
**Earnings Predictability** 95

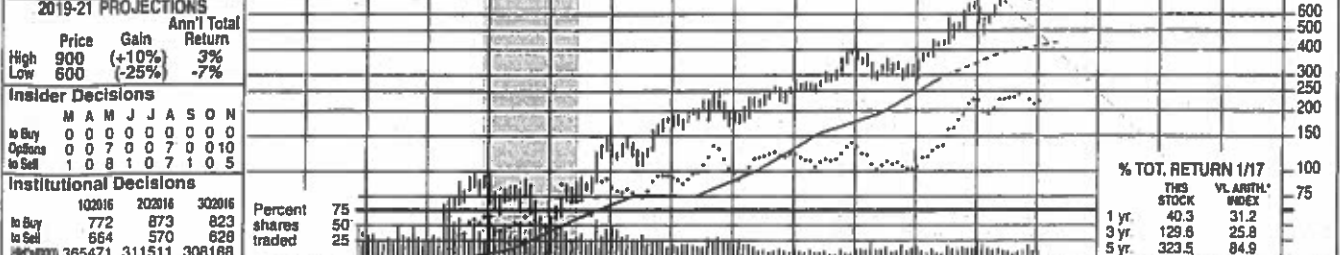
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# AMAZON.COM NDQ-AMZN

RECENT PRICE **823.48** P/E RATIO **NMF** (Trailing: NMF, Median: NME) RELATIVE P/E RATIO **NMF** DIV'D YLD **Nil** VALUE LINE **2635**

TIMELINESS <b>4</b> Raised 2/10/17	High: 50.0	48.6	101.1	97.4	145.9	185.6	246.7	264.1	405.6	408.1	696.4	847.2	Target Price Range
SAFETY <b>3</b> Raised 5/25/07	Low: 30.6	25.8	36.3	34.7	47.6	105.8	160.6	172.0	245.8	284.0	285.3	474.0	2019 2020 2021
TECHNICAL <b>4</b> Lowered 2/3/17	LEGENDS --- 20.0 x "Cash Flow" p sh .... Relative Price Strength Options: Yes Shaded area indicates recession												
BETA 1.15 (1.00 = Market)													



2019-21 PROJECTIONS		2000-2017												19-21							
High	Low	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Revenues per sh	568.90
900	600	7.73	8.37	10.14	13.05	17.16	20.41	25.87	35.66	44.78	55.20	75.84	105.65	134.40	162.11	191.63	227.19	284.50	334.05	"Cash Flow" per sh	36.40
		d.93	d.21	.21	.60	1.05	1.10	.95	1.74	2.07	2.88	3.81	3.77	5.04	7.68	9.70	14.60	19.45	22.20	Earnings per sh	21.40
		d1.19	d.44	d.01	.40	.82	.79	.45	1.12	1.39	2.04	2.53	1.37	.29	.59	d.52	1.25	4.90	8.25	Div'ds Decl'd per sh	Nil
		..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	Cap'l Spending per sh	16.45
		d.38	d.13	d.10	d.11	d.22	d.49	d.52	d.54	d.78	d.84	d.217	d.398	d.833	d.750	d.1054	d.974	d.1225	d.1305	Book Value per sh	114.50
		d2.71	d3.86	d3.49	d2.57	d.56	.59	1.04	2.88	6.24	11.84	15.22	17.05	18.02	21.22	23.13	28.42	45.10	54.85	Common Shs Outst'g	486.00
		357.14	373.22	367.91	403.35	416.00	414.00	416.00	428.00	444.00	451.00	455.07	454.55	459.26	484.38	471.00	478.00	479.00	479.00	Avg Ann'l P/E Ratio	35.0
		..	..	..	NMF	53.2	50.5	NMF	60.3	50.3	42.8	54.7	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Relative P/E Ratio	2.20
		..	..	..	NMF	2.81	2.69	NMF	3.20	3.03	2.85	3.48	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Avg Ann'l Div'd Yield	Nil
		..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		

CAPITAL STRUCTURE as of 9/30/16		2000-2017												19-21	
Total Debt \$8205.0 mill. Due in 5 Yrs \$3127.0 mill.		10711	14836	19166	24509	34204	48077	61093	74452	88988	107006	135987	160000	Revenues (\$mill)	276495
LT Debt \$8205.0 mill. LT Interest \$450.0 mill. (32% of Cap'l)		205.0	246.0	287.0	378.0	568.0	1083.0	2159.0	3253.0	4746.0	6281.0	6500	6700	Operating Margin	8.5%
LT Interest \$450.0 mill. (32% of Cap'l)		190.0	476.0	600.0	902.0	1152.0	631.0	130.0	274.0	d241.0	596.0	2510	3945	Depreciation (\$mill)	7300
Lesses, Uncapitalized: \$1181.0 mill.		49.6%	27.9%	26.1%	21.8%	23.5%	31.2%	NMF	31.8%	31.8%	60.5%	35.0%	35.0%	Net Profit (\$mill)	16400
No Defined Benefit Pension Plan		1.8%	3.2%	3.1%	3.7%	3.4%	1.3%	2%	4%	NMF	.6%	1.9%	2.5%	Income Tax Rate	35.0%
Common Stock 476,166,527 shs. as of 10/19/16		841.0	1450.0	1411.0	2433.0	3375.0	2594.0	2294.0	1645.0	3238.0	2575.0	11355	16525	Working Cap'l (\$mill)	44700
MARKET CAP: \$391 billion (Large Cap)		1247.0	1282.0	687.0	109.0	460.0	853.0	3084.0	3191.0	8265.0	8235.0	8200	8200	Long-Term Debt (\$mill)	8200
CURRENT POSITION (\$MILL.)		431.0	1197.0	2672.0	5257.0	6864.0	7757.0	8192.0	9746.0	10741	13384	21550	25265	Skr. Equity (\$mill)	55855
Cash Assets	17416	19808	18347	BUSINESS: Amazon.com is a large online retailer. Sales break-down (2015): media (books, music, and videos; 21% of sales), electronics (71%); other (8%). International sales, 33% of total. Third-party sellers (Marketplace) account for about 20% of sales. Seasonality: Q4 accounted for 33% of '15 revenue. Acquired Internet Movie Database, Bookpages, Telebook, '98; Junglee and PlanetAll, '98; Exchange.com, Accept.com, Alexa, '99; Zappos, '09. Has about 230,800 employees. Officers/directors own 17.7% of common stock (including Mr. Bezos' 17.6%) (4/16 proxy). President, Chairman & CEO: Jeffrey Bezos. Incorporated: Delaware. Address: 410 Terry Avenue North, Seattle, WA 98109-5210. Telephone: 206-266-1000. Internet: www.amazon.com.											
Inventory (Avg Cst)	8299	10243	10696	Since our November review, shares of Amazon.com have trended higher. This comes after the stock had been on a bit of bumpy ride over the past six to 12 months. Meanwhile, the company had a banner year in 2016. Indeed, revenues climbed 27%, to almost \$136 billion, thanks to an ever widening suite of product offerings, as well as geographic expansion. For example, Amazon Home Services has increased its offerings to 50 separate metro areas. When customers buy items that need installation or setting up, they can utilize this service to find a qualified professional in their area. Amazon Prime recently added its first drugstore and numerous restaurants to its one-hour delivery service in select cities. On the profitability front, operating expenses have been declining as a percentage of the top line. Combined, these factors equated to an almost 300% rise in the bottom line, to \$4.90 a share, when viewed against 2015's somewhat easy comparison. Solid double-digit revenue and earnings gains ought to persist in 2017, as well. The company continues to roll out new and complementary offerings related to its fulfillment business. At the same time, additional benefits will likely come from greater traction with regard to its subscription services for TV shows, movies, and music. Original content like Grand Tour, The Man In The High Castle, and Mozart In The Jungle are helping to drive site traffic. The solid uptick in 2016's top and bottom lines makes for more-challenging comparisons. Consequently, we look for moderated advances this year. Amazon Web Services is progressing nicely. That unit provides cloud-based infrastructure to other companies. It recently added a number of new artificial intelligence offerings to its product suite. At the same time, it has signed on with Matson Inc., a global shipping company, and Capital One Bank. The company's footprint of fulfillment centers is growing. Since our last report, Amazon has added seven new fulfillment centers across the United States to keep up with volume demand. That said, these untimely shares appear poised for a correction.											
A/R & Other	5612	6423	6566	Bryan J. Fong February 10, 2017											
Current Assets	31327	36474	35609	ANNUAL RATES Past Past Est'd '13-'15 of change (per sh) 10 Yrs. 5 Yrs. to '19-'21											
Accs Payable	16459	20397	18801	Revenues 27.5% 27.0% 19.5%											
Debt Due	1520	..	..	"Cash Flow" 28.0% 29.5% 22.5%											
Other	10110	13502	14697	Earnings -4.0% -26.0% NMF											
Current Liab.	28089	33899	33498	Dividends .. .. Nil											
				Book Value .. 17.0% 29.5%											

Cal-endar	QUARTERLY REVENUES (\$mill) ^				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	16070	15704	17092	25586	74452
2014	19741	19340	20579	29328	88988
2015	22717	23185	25358	35747	107006
2016	29128	30404	32714	43741	135987
2017	35750	37530	38740	47980	160000

Cal-endar	EARNINGS PER SHARE ^				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.18	d.02	d.09	.51	.59
2014	.23	d.27	d.95	.45	d.52
2015	d.12	.19	.17	1.00	1.25
2016	1.07	1.78	.52	1.54	4.90
2017	1.80	2.55	1.25	2.65	8.25

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013					
2014					
2015					
2016					
2017					

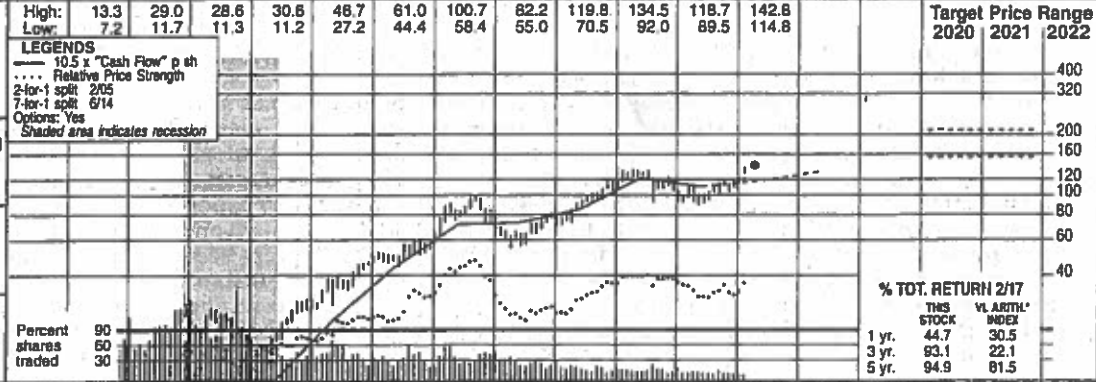
(A) Diluted earnings. Excludes goodwill: '02, (1c). Includes stock-based compensation: '02, (19c); '03, (21c); '04, (14c); '05, (20c); '06, (24c); '07, (44c); '08, (64c); '09, (77c). Excludes merger/acquisition costs: '02, (11c); '03, (32c). Excludes equity in losses: '02, (01c). Excludes other nonrecurring items: '04, 54c; '05, 5c; '12, (37c). Qtrly. revenues and egs. may not sum due to rounding. Next earnings report due late April. (B) In millions.

Company's Financial Strength	A+
Stock's Price Stability	45
Price Growth Persistence	95
Earnings Predictability	5

# APPLE INC. NDQ-AAPL

RECENT PRICE **139.84** P/E RATIO **15.3** (Trailing: 16.7 Median: 13.0) RELATIVE P/E RATIO **0.79** DIV YLD **1.7%** VALUE LINE **1392**

**TIMELINESS** 3 Raised 1/20/17  
**SAFETY** 2 Lowered 7/3/15  
**TECHNICAL** 4 Lowered 2/17/17  
 BETA .90 (1.00 = Market)



**2020-22 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 210	(+50%)	12%
Low 155	(+10%)	5%

**Insider Decisions**

M	J	J	A	S	O	N	D	J
0	0	0	0	0	0	0	0	0
1	2	0	5	2	9	0	0	0
3	2	1	8	1	2	3	2	3

**Institutional Decisions**

202016	3Q2016	4Q2016	Percent shares traded
1115	992	1060	90
1158	1259	1248	50
306578430532803118018			30

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	VALUE LINE P.B. ILLC	20-22
1.09	1.14	1.21	1.51	2.38	3.23	3.93	5.22	5.80	10.17	16.64	23.81	27.15	31.16	41.89	40.41	44.15	47.45	Sales per sh <sup>A</sup>	60.40
.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	11.59	10.53	11.25	12.50	"Cash Flow" per sh	17.15
.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.68	6.45	9.22	8.31	9.15	10.15	Earnings per sh <sup>B</sup>	14.00
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	Div's Decl'd per sh <sup>F</sup>	4.00
.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.39	2.50	2.60	Cap'l Spending per sh	3.00
.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	19.02	21.39	24.03	27.75	32.75	Book Value per sh <sup>E</sup>	46.65
4912.9	5025.4	5134.2	5480.2	5845.1	5986.8	6106.3	6218.3	6298.6	6411.8	6504.9	6574.5	6294.5	6666.2	5578.6	5336.2	5200.0	5100.0	Common Shs Outst'g <sup>C</sup>	4800.0
..	NMF	NMF	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	13.0	12.8	12.6	..	..	Avg Ann'l P/E Ratio	13.0
..	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.76	.76	.69	.68	.64	.66	..	..	Relative P/E Ratio	.80
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	Avg Ann'l Div'd Yield	2.2%

**CAPITAL STRUCTURE** as of 12/31/16  
 Total Debt \$87549 mill. Due In 5 Yrs \$40000 mill.  
 LT Debt \$73557 mill. LT Interest \$3500 mill.  
 (36% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$929 mill.

No Defined Benefit Pension Plan  
 Pfd Stock None

Common Stock 5,246,540,000 shs.  
 as of 1/20/17

**MARKET CAP: \$734 billion (Large Cap)**

24006	32479	36537	65225	108249	156508	170910	182795	233715	215639	229500	242000	290000
19.7%	20.6%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	32.5%	33.0%	34.5%
317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	11000	12000	15000
3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	53394	45687	47600	51800	67200
30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	25.5%	25.5%	26.0%
14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	20.7%	21.4%	23.2%
12657	20598	16983	20956	17018	19111	29628	5083.0	8768.0	27863	20000	25000	40000
14532	21030	27832	47791	76615	118210	123549	111547	119355	128249	144200	167100	224000
24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	22.5%	22.0%	23.0%
24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	33.0%	31.0%	30.0%
24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	33.2%	21.4%	25.4%	35.0%	26.2%	24.5%	21.5%
..	..	..	..	..	..	6%	29%	28%	22%	27%	26%	29%

**ANNUAL RATES** Past Past Est'd '14-'16  
 of charge (per sh) 10 Yrs. 5 Yrs. to '20-'22

Sales	32.0%	28.5%	8.0%
"Cash Flow"	46.0%	31.5%	9.5%
Earnings	45.0%	28.0%	10.0%
Dividends	..	..	12.5%
Book Value	32.5%	22.0%	14.0%

**QUARTERLY SALES (\$ mill.)<sup>A</sup>**

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2014	57594	45646	37432	41223	182795
2015	74599	58010	49605	51501	233715
2016	75872	50557	42358	46852	215639
2017	78351	53149	45700	52300	229500
2018	82600	56050	48200	55150	242000

**EARNINGS PER SHARE<sup>A,B</sup>**

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2014	2.07	1.66	1.28	1.42	6.45
2015	3.08	2.33	1.85	1.96	9.22
2016	3.28	1.90	1.42	1.67	8.31
2017	3.36	2.01	1.74	2.04	9.15
2018	3.70	2.25	1.95	2.25	10.15

**QUARTERLY DIVIDENDS PAID<sup>F</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.379	.436	.436	.436	1.69
2014	.436	.47	.47	.47	1.85
2015	.47	.52	.52	.52	2.03
2016	.52	.57	.57	.57	2.23
2017	.57				

**Apple appears back in a growth mode, much to the delight of investors.** (The Dow component has appreciated almost 20% in value since our last full-page review three months ago.) After experiencing a rare slowdown last year, growth at the tech behemoth returned in the first quarter of fiscal 2017 (ends September 30th), with share net of \$3.36 surpassing Wall Street's consensus view and coming in \$0.16 ahead of our estimate. Revenues, of \$78.4 billion, were also higher than anticipated, buoyed by a pickup in smartphone unit shipments and further momentum from the high-margined services business. During the December interim, Apple sold a record number of iPhones (78.3 million), easing concerns that the cash-cow franchise was headed for a prolonged slump. As we had hoped...

**The next-generation iPhone 7, which debuted in September, seems to have set the stage for a powerful smartphone upgrade cycle.** In fact, the more expensive 7 Plus model, featuring a larger display and more sophisticated camera, is proving to be a runaway hit, which is bolstering both the top and bottom lines. And

As of 2016, Apple operated a total of around 488 retail outlets in 20 countries, with lease terms ranging from five to 20 years. R&D: 4.7% of '16 sales. Has about 116,000 employees. Off.ldr. own less than 1.0% of common; Vanguard, 6.1%; BlackRock, 6.0% (1/17 Proxy). CEO, Tim Cook Inc.: CA. Addr: 1 Infinite Loop, Cupertino, CA 95014. Tel: 408-996-1010. Internet: www.apple.com.

long-term prospects for the smartphone business in China continue to look very bright, despite some recent sales softness in that important country. Meanwhile... **The services segment, including iTunes, iCloud, Apple Pay, and the App Store, continues to expand at a blistering pace.** It generated \$7.2 billion in revenue in the first quarter, an 18% improvement over the year-earlier tally. And the momentum is apt to persist, led by surging Apple Pay transaction volumes. Thus, management believes that services revenue can double over the next four years. All in all, given the host of encouraging signs, we see share earnings climbing at a double-digit clip in both fiscal 2017 and fiscal 2018, and reaching at least the \$14.00 mark by 2020-2022. **Though not the bargain it once was, we still like this Dow stock for conservative buy-and-hold investors.** The company, in excellent financial shape (it has about \$246 billion in cash when factoring in long-term marketable securities), should continue to enhance shareholder value via dividends and stock buybacks.

*Justin Hellman*  
 March 31, 2017

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gains: '01, '16; '05, '26; loss: '02, '16. (C) Next earnings report due late April. (D) In mill., adjusted for splits. (E) Depreciation on accelerated basis. (F) Includes intangibles. In 2016, \$8620 mill., \$1.62 a share. (F) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.

**Company's Financial Strength** A++  
**Stock's Price Stability** 80  
**Price Growth Persistence** 65  
**Earnings Predictability** 60

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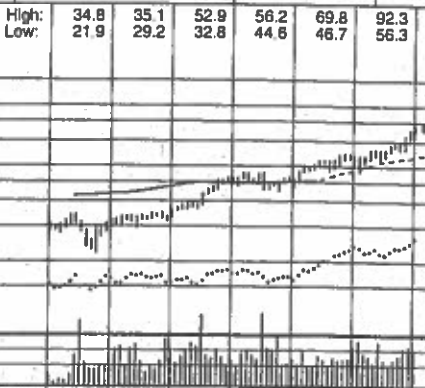
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# FIRST REPUBLIC BANK NYSE-FRC

RECENT PRICE **94.33** P/E RATIO **22.7** (Trailing: 24.0 Median: NMF) RELATIVE P/E RATIO **1.13** DIV'D YLD **0.7%** VALUE LINE **2516**

**TIMELINESS** 5 Lowered 1/27/17  
**SAFETY** 3 New 11/11/16  
**TECHNICAL** 4 Lowered 1/13/17  
 BETA .95 (1.00 = Market)

**LEGENDS**  
 16.0 x Earnings p sh  
 Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession



Target Price Range	2019	2020	2021
160			
120			
100			
80			
60			
50			
40			
30			
20			
15			

**2019-21 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 125	(+35%)	8%
Low 85	(-10%)	-7%

**Insider Decisions**

M	A	M	J	J	A	S	O	N
to Buy	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0

**Institutional Decisions**

	1Q2016	2Q2016	3Q2016
to Buy	201	213	215
to Sell	197	183	191
Net Buy	148119	145580	147368

First Republic Bank went public on December 9, 2010 (five months after being sold by Bank of America to private equity investors) with an IPO that generated proceeds north of \$280 million. In that transaction, 11 million shares were offered at \$25.50 each. Underwriters of the IPO were Bank of America Merrill Lynch, Morgan Stanley, and JPMorgan. First Republic trades on the NYSE under the ticker FRC.

**CAPITAL STRUCTURE as of 9/30/16**

LT Debt \$5412.1 mill. Due in 5 Yrs \$5412.1 mill.  
 LT Interest \$118.0 mill.

**Pension Defined Contribution Plan**  
 \$7.7 million contributed by company in 2015  
 Pfd Stock \$989.5 mill. Pfd Div'd \$58.9 mill.  
 Common Stock 150,122,760 shs.  
 as of 10/28/16

**MARKET CAP: \$14.2 billion (Large Cap)**

ASSETS(\$MILL.)	2014	2015	9/30/16
Loans	37872.5	43871.2	49296.1
Funds Sold	.1	.1	.1
Securities	7466.7	11620.1	12805.1
Other Earning	817.2	1131.1	1387.0
Other	2196.8	2358.8	3507.0

LIABILITIES(\$MILL.)	2014	2015	9/30/16
Deposits	37130.9	47893.5	55061.7
Funds Borrowed	---	---	---
Long-Term Debt	5710.6	4000.0	4600.0
Net Worth	4778.5	5705.7	5412.1
Other	733.3	1362.1	1814.8
Total	48353.3	58981.3	67993.5
Loan Loss Resrv.	207.3	261.1	296.1

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
Loans	---	---	NMF
Earnings	---	---	NMF
Dividends	---	---	13.0%
Book Value	---	---	8.5%
Total Assets	---	---	12.0%

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31
2013	28252	30348	32328	33906
2014	34942	36095	36330	37872
2015	38788	40730	42101	43871
2016	45131	47329	50077	51702
2017	52500	53750	55000	56250

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.85	.77	.75	.73	3.10
2014	.73	.76	.86	.72	3.07
2015	.72	.80	.82	.84	3.18
2016	.93	.97	1.00	1.03	3.93
2017	1.04	1.08	1.12	1.16	4.40

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	---	.12	.12	.12	.36
2014	.12	.14	.14	.14	.54
2015	.14	.15	.15	.15	.59
2016	.15	.16	.16	.16	.63
2017	---	---	---	---	---

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Earnings per sh <sup>A</sup>	---	---	---	---	---	2.65	2.76	3.10	3.07	3.18	3.93	4.40	6.50
Div'ds Decl'd per sh <sup>B</sup>	---	---	---	---	---	---	.30	.36	.54	.59	.63	.67	.80
Book Value per sh <sup>D</sup>	---	---	---	---	---	19.46	22.08	24.63	28.13	32.28	43.25	47.60	56.45
Common Shs Outst'g <sup>C</sup>	---	---	---	---	---	129.37	131.27	132.77	136.27	146.11	152.00	155.00	170.00
Avg Ann'l P/E Ratio	---	---	---	---	---	11.0	11.8	13.7	16.6	19.1	18.3	---	16.0
Relative P/E Ratio	---	---	---	---	---	.69	.75	.77	.87	.96	.92	---	1.00
Avg Ann'l Div'd Yield	---	---	---	---	---	---	.9%	.9%	1.1%	1.0%	.9%	---	.8%
Total Assets (\$mill)	---	---	---	---	---	27792	34388	42113	48353	58981	69000	78000	107500
Loans (\$mill)	---	---	---	---	---	22573	28062	33906	37872	43871	51702	56250	72000
Net Interest Inc (\$mill)	---	---	---	---	---	52.3	63.4	77.0	56.5	55.4	40.0	45.0	2500
Loan Loss Prov'n (\$mill)	---	---	---	---	---	117.9	168.7	244.4	318.4	325.1	375	450	55.0
Noninterest Inc (\$mill)	---	---	---	---	---	576.6	697.8	768.0	922.7	1095.6	1280	1450	650
Noninterest Exp (\$mill)	---	---	---	---	---	352.1	402.5	462.1	487.0	522.1	647.4	680	1875
Net Profit (\$mill)	---	---	---	---	---	35.7%	30.4%	30.4%	27.3%	24.4%	17.5%	18.0%	1105
Income Tax Rate	---	---	---	---	---	1.27%	1.17%	1.10%	1.01%	.89%	.86%	.87%	20.0%
Return on Total Assets	---	---	---	---	---	2329.0	3281.5	5193.1	5710.6	4000.0	5450	5000	1.03%
Long-Term Debt (\$mill)	---	---	---	---	---	2517.8	3398.5	4160.0	4778.5	5705.7	6575	7375	3000
Shr. Equity (\$mill)	---	---	---	---	---	9.1%	9.9%	9.9%	9.9%	9.7%	9.5%	9.5%	5600
Shr. Eq. to Total Assets	---	---	---	---	---	81.2%	81.6%	80.5%	78.3%	74.4%	74.5%	72.0%	9.0%
Loans to Tot Assets	---	---	---	---	---	14.0%	11.8%	11.1%	10.2%	9.2%	9.0%	9.0%	67.0%
Return on Shr. Equity	---	---	---	---	---	14.0%	11.9%	11.4%	9.2%	8.0%	7.5%	8.0%	11.5%
Retained to Com Eq	---	---	---	---	---	---	14%	19%	27%	27%	14.7%	15%	10.0%
All Div'ds to Net Prof	---	---	---	---	---	---	---	---	---	---	---	---	12%

**BUSINESS:** First Republic Bank offers private banking, private business banking, and private wealth management. Services are offered through 73 preferred banking or wealth management offices in San Francisco, Palo Alto, Los Angeles, Santa Barbara, San Diego, Portland, Boston, NY, among others. Net loan chargeoffs .01% of avg. loans in '15. Loan loss % to total loans, .59% in '15.

**First Republic Bank ended 2016 on a high note.** Though full-year data was not available at press time, we see that better-than-expected revenues begat higher earnings in the December period. Net interest income rose more-than 15% on a year-to-year basis. Meanwhile, growth in income derived from noninterest payments remained healthy, as well. The expected rate hikes that will likely be enacted throughout 2017, boosting performance in the regulatory capital growth stream. We believe this adds further upside to our top- and bottom-line estimates for the current year.

**Recent expansion efforts are likely to pay off over the long haul.** Specifically in the wealth management segment, First Republic has been aggressive in broadening its franchise reach. The bank has high hopes for this group, and expects it to make up for a larger portion of consolidated business over the next few years. Of course, this extension lends itself to higher operating costs, so earnings surprises may be in the cards.

**The stock price has rallied significantly since November's election.**

Nonperf. assets to loans and REO .17% in '15. Loan breakdown 2015: single family, 62%; home eq. lines, 12%; com'l. real estate, 11%; business, 8%; multifamily, 7%. Has 3,130 employ. Off and dir. own 3.5% of sh. out., (3/16 proxy). Chairman & CEO: James H. Herbert II. Inc: CA. Addr.: 111 Pine Street, 2nd Fl., San Francisco, CA 94111. Tel.: 415-392-1400. Internet: www.firstrepublic.com.

The financial sector as a whole has benefited greatly from what are expected to be business friendly policies from the Trump Administration. The market performance of First Republic has been no exception. The shares are up over 25% since the November 8th vote. True, the President's intention to roll back regulations and let free markets thrive was one of the central tenets of his fiscal platform on the campaign trail. Meanwhile, a gradually tightened monetary environment over 2017 ought to further improve the operating environment. The Federal Reserve raised interest rates in December, and may implement as many as three more by the end of this year.

**In our view, better investment options exist elsewhere at this juncture.** Given the aforementioned run up in valuation, most investors can find better long-term options in other market sectors. Moreover, subscribers looking for timely issues will want to hold off, as First Republic stock's recent downgrade now has it bearing our Lowest rank (5) for relative year-ahead price performance.

*Robert L. Harrington February 10, 2017*

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	100
Earnings Predictability	95

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(A) Diluted earnings. Next earnings report due mid-Jan.  
 (B) Div'd paid early Feb., May, Aug., and Nov.  
 (C) In millions.  
 (D) Includes Intangibles: On 12/31/15; \$309 million, \$2.11/sh.

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