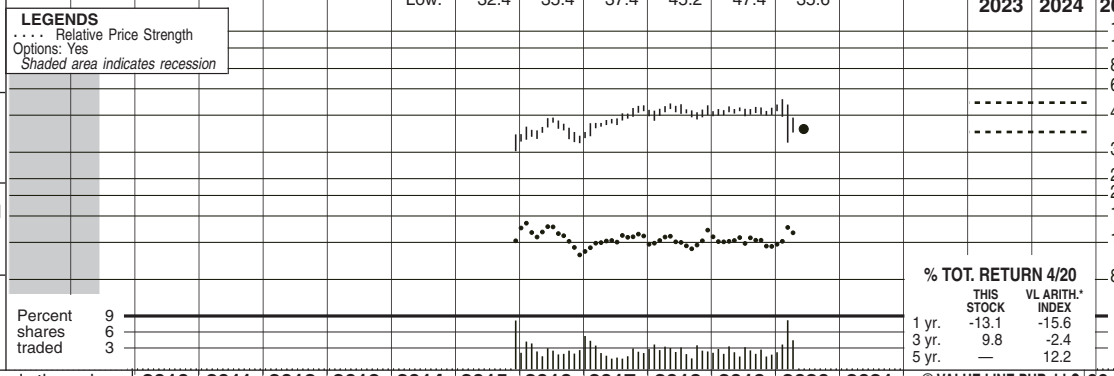
AVANGRID, INC. NYSE-AGR

RECENT PRICE	41.32	P/E RATIO	19.2 (Trailing: 17.7 Median: NMF)	RELATIVE P/E RATIO	1.16	DIV'D YLD	4.3%	VALUE LINE

TIMELINESS 3 Lowered 3/22/19
SAFETY 2 Raised 2/17/17
TECHNICAL 3 Raised 4/10/20
BETA .80 (1.00 = Market)

High:	38.9	46.7	53.5	54.6	52.9	57.2
Low:	32.4	35.4	37.4	45.2	47.4	35.6

LEGENDS
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$34-$75	$55 (30%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+35%)	11%
Low	40	(-5%)	4%

Institutional Decisions

	2Q2019	3Q2019	4Q2019
to Buy	114	118	142
to Sell	138	111	101
Hld's(000)	43692	45639	46257

% TOT. RETURN 4/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-13.1	-15.6
3 yr.	9.8	-2.4
5 yr.	—	12.2

AVANGRID, Inc. was formed through a merger between Iberdrola USA, Inc. and UIL Holdings Corporation in December of 2015. Iberdrola S.A., a worldwide leader in the energy industry, owns 81.5% of AVANGRID. The predecessor company was founded in 1852 and is headquartered in New Gloucester, Maine. It was incorporated in 1997 in New York under the name NGE Resources, Inc. AVANGRID began trading on the NYSE on December 17, 2015.

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
- -	- -	- -	- -	- -	14.14	19.48	19.30	20.96	20.51	*20.40*	*21.05*	Revenues per sh	*23.25*
- -	- -	- -	- -	- -	3.44	4.74	4.49	4.89	5.50	*5.55*	*5.80*	"Cash Flow" per sh	*6.75*
- -	- -	- -	- -	- -	1.05	1.98	1.67	1.92	2.26	*2.15*	*2.30*	Earnings per sh A	*2.75*
- -	- -	- -	- -	- -	- -	1.73	1.73	1.74	1.76	*1.76*	*1.76*	Div'd Decl'd per sh B ■	*2.00*
- -	- -	- -	- -	- -	3.50	5.52	7.82	5.78	8.87	*10.05*	*10.35*	Cap'l Spending per sh	*9.75*
- -	- -	- -	- -	- -	48.74	48.90	48.79	48.88	49.31	*49.70*	*50.25*	Book Value per sh C	*52.50*
- -	- -	- -	- -	- -	308.86	308.99	309.01	309.01	309.01	*309.00*	*309.00*	Common Shs Outst'g D	*309.00*
- -	- -	- -	- -	- -	33.5	20.5	27.3	26.1	22.1	*Bold figures are*		Avg Ann'l P/E Ratio	*17.5*
- -	- -	- -	- -	- -	1.69	1.08	1.37	1.41	1.19	*Value Line*		Relative P/E Ratio	*.95*
- -	- -	- -	- -	- -	- -	4.3%	3.8%	3.5%	3.5%	*estimates*		Avg Ann'l Div'd Yield	*4.1%*
- -	- -	- -	- -	4594.0	4367.0	6018.0	5963.0	6478.0	6338.0	*6300*	*6500*	Revenues ($mill)	*7150*
- -	- -	- -	- -	424.0	267.0	611.0	516.0	595.0	700.0	*670*	*715*	Net Profit ($mill)	*865*
- -	- -	- -	- -	39.9%	11.3%	37.4%	32.4%	22.1%	17.5%	*7.0%*	*7.0%*	Income Tax Rate	*7.0%*
- -	- -	- -	- -	6.8%	12.7%	7.5%	12.4%	9.4%	14.4%	*15.0%*	*14.0%*	AFUDC % to Net Profit	*12.0%*
- -	- -	- -	- -	16.8%	23.1%	23.0%	25.6%	26.2%	30.6%	*33.5%*	*36.0%*	Long-Term Debt Ratio	*42.0%*
- -	- -	- -	- -	83.2%	76.9%	77.0%	74.4%	73.8%	69.4%	*66.5%*	*64.0%*	Common Equity Ratio	*58.0%*
- -	- -	- -	- -	14956	19583	19619	20273	20472	21953	*23150*	*24350*	Total Capital ($mill)	*28100*
- -	- -	- -	- -	17099	20711	21548	22669	23459	25218	*27275*	*29400*	Net Plant ($mill)	*34800*
- -	- -	- -	- -	3.7%	2.1%	3.8%	3.1%	3.5%	3.8%	*3.5%*	*3.5%*	Return on Total Cap'l	*4.0%*
- -	- -	- -	- -	3.4%	1.8%	4.0%	3.4%	3.9%	4.6%	*4.5%*	*4.5%*	Return on Shr. Equity	*5.5%*
- -	- -	- -	- -	3.4%	1.8%	4.0%	3.4%	3.9%	4.6%	*4.5%*	*4.5%*	Return on Com Equity E	*5.5%*
- -	- -	- -	- -	3.4%	1.8%	1.4%	NMF	.4%	1.0%	*1.0%*	*1.0%*	Retained to Com Eq	*1.5%*
- -	- -	- -	- -	- -	- -	66%	104%	90%	78%	*81%*	*76%*	All Div'ds to Net Prof	*72%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $8188 mill. **Due in 5 Yrs** $3692 mill.
LT Debt $6715 mill. **LT Interest** $270 mill.
Incl. $63 mill. capitalized leases.
(LT interest earned: 3.7x)
Leases, Uncapitalized Annual rentals $14 mill.

Pension Assets-12/19 $2848 mill. **Oblig** $3669 mill.
Pfd Stock None

Common Stock 309,005,485 shs.
as of 4/30/20
MARKET CAP: $13 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	NA	NA	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.6	+.5	NA
Fixed Charge Cov. (%)	333	343	278

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	- -	- -	*2.5%*
"Cash Flow"	- -	- -	*5.5%*
Earnings	- -	- -	*6.0%*
Dividends	- -	- -	*2.5%*
Book Value	- -	- -	*1.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	1758	1331	1341	1533	5963.0
2018	1865	1402	1546	1665	6478.0
2019	1842	1400	1487	1609	6338.0
2020	1782	*1400*	*1500*	*1618*	*6300*
2021	*1900*	*1400*	*1550*	*1650*	*6500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.77	.39	.32	.19	1.67
2018	.79	.34	.40	.38	1.92
2019	.70	.36	.48	.72	2.26
2020	.78	*.40*	*.50*	*.47*	*2.15*
2021	*.85*	*.42*	*.53*	*.50*	*2.30*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	- -	.432	.432	.432	1.30
2017	.432	.432	.432	.432	1.73
2018	.432	.432	.432	.44	1.74
2019	.44	.44	.44	.44	1.76
2020	.44	.44			

BUSINESS: AVANGRID, Inc. (formerly Iberdrola USA, Inc.), is a diversified energy and utility company that serves 2.2 million electric customers in New York, Connecticut, and Maine and 1 million gas customers in New York, Connecticut, Massachusetts & Maine. Has a nonregulated generating subsidiary focused on wind power, with 7.2 gigawatts of capacity. Revenue breakdown by customer class not available. Generating sources not available. Fuel costs: 24% of revenues. '19 reported depr. rate (utility): 2.9%. Iberdrola owns 81.5% of stock. Has 6,400 employees. Chairman: José Ignacio Sanchez Galan. CEO: James P. Torgerson. Deputy CEO & President: Robert Kump. Inc.: NY. Address: 180 Marsh Hill Road, Orange, CT 06477. Tel.: 207-629-1200. Web: www.avangrid.com.

We estimate that AVANGRID's 2020 earnings will wind up below the 2019 tally. The company's utilities should benefit from rate relief (see below). AVANGRID's renewable-energy subsidiary plans to add and repower 908 megawatts of capacity this year, and in the first quarter benefited from wind conditions that were much better than a year earlier and also above normal. On the other hand, the December-quarter comparison will be difficult because the company recorded a gain of $0.32 a share on the sale of two renewable-energy assets last year. (We *include* this in our earnings presentation because such sales are a normal part of this business.) Our previous 2020 share-net estimate was too high, so we cut it by $0.30, to $2.15. This puts it within management's guidance (on a GAAP basis) of $2.06-$2.26.

The company was granted a rate increase in Maine, and is trying to reach settlements of its cases in New York. Central Maine Power received a tariff hike of $17.4 million (6.9%), based on a 9.25% return on equity, effective March 1st. However, the regulators penalized the utility by cutting the allowed ROE to 8.25% until certain customer-service measures are attained for an 18-month period. In New York, AVANGRID's utilities are seeking $188.4 million (electric) and $12.1 million (gas), based on a 9.5% ROE and a 50% common-equity ratio. New tariffs might not take effect until September 1st, but the company is asking for a make-whole provision dating back to April 17th.

We have also lowered our 2021 share-earnings estimate by $0.30. Even so, our revised estimate would produce a solid increase over our 2020 expectation. AVANGRID should benefit from rate relief and additional renewable-energy projects.

AVANGRID is seeking permits and approvals for some large capital projects. Central Maine Power wants to build a $950 million transmission line. The company also wants to build some offshore wind projects through a joint venture.

The stock's yield is slightly above average for a utility. However, the company faces regulatory risk and construction risk associated with offshore wind. Moreover, a dividend hike is unlikely in the near term due to the high payout ratio.

Paul E. Debbas, CFA *May 15, 2020*

(A) Diluted EPS. Excl. nonrecurring gain (loss): '16, 6¢; '17, (44¢). '18 EPS don't sum due to rounding. Next earnings report due late July. **(B)** Div'ds paid in early Jan., April, July, and Oct. ■ Dividend reinvestment plan available. **(C)** Incl. intangibles. In '19: $6.0 bill., $19.42/sh. **(D)** In millions. **(E)** Rate base: net original cost. Rate allowed on com. eq. in NY in '16: 9.0%; in CT in '17: 9.1% elec.; in CT in '19: 9.3% gas; in ME in '20: 8.25%; earned on avg. common eq., '19: 4.6%. Regulatory Climate: Below Average.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	80
Earnings Predictability	55

© 2020 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE