

PG&E Corporation

Opportunity to Buy after YTD -10% Relative Correction.

Reiterate Rating: BUY | PO: 19.00 USD | Price: 16.40 USD

Shares are overly discounted and an opportunity

We reiterate our Buy rating on shares of California regulated utility PG&E Corp (PCG) which offers one of the best long-term risk/reward profiles. PCG has started 2024 with a correction -10% underperformance versus utilities peers. PCG trades at a 25%+ discount vs utilities peers which more than compensates investors for the above-average risk profile given the visible 9%+ EPS growth rate with embedded conservatism.

Why have shares lagged? Two regulatory overhangs

From our investor conversations, the top two reasons why PCG shares have lagged is the (1) delay in the Pacific Generation [PacGen] proposed minority interest asset sale process; and (2) late filed challenge to the cost of capital [CCM] advice letter approval. The PacGen administrative law judge (ALJ) was targeted for January 6th but there has been no regulatory updates or progress. PCG last disclosed target to close the transaction is June 2024, assuming an accelerated Advice Letter process. The ~\$3.4Bn 2024 rate base asset sale is critical to eliminating near-term equity needs. We ultimately expect regulatory approval of the PacGen transaction, although delays are likely. As to the cost of capital increase, we do not believe the CPUC will lower the cost of capital versus the increase to 10.7% that is currently in rates. In the adverse case that the cost of capital is reset lower, we still generally see the EPS growth rate is intact, although much of the conservatism in our forecast would be lost.

Wildfire risk unfortunately is top of mind for investors

Shares of PCG have been under particular pressure since late February when the Smokehouse Creek Texas wildfire began and the filing of Berkshire Hathaway's annual letter generally casting a cautious tone on wildfire-exposed regulated utilities, including PCG. Wildfire risk has been the clear priority for utility investors in recent weeks, including at our Power, Utilities, & Clean Energy Conference last week. It is correct that California has had the most catastrophic wildfires and has one of the highest risk profiles per NOAA; however, California has the favorable Assembly Bill (AB) 1054 with a liability cap at ~\$3.7Bn (20% of CPUC T&D rate base) on a rolling three-year basis.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	1.10	1.25	1.37	1.49	1.63
GAAP EPS	0.84	1.25	1.37	1.49	1.63
EPS Change (YoY)	1.9%	13.6%	9.6%	8.8%	9.4%
Consensus EPS (Bloomberg)			1.35	1.47	1.59
DPS	0	0	0.05	0.09	0.13
Valuation (Dec)					
P/E	14.9x	13.1x	12.0x	11.0x	10.1x
GAAP P/E	19.5x	13.1x	12.0x	11.0x	10.1x
Dividend Yield	0%	0%	0.3%	0.5%	0.8%
EV / EBITDA*	4.0x	3.7x	3.4x	3.2x	2.9x
Free Cash Flow Yield*	-18.1%	-3.9%	-6.6%	-12.2%	-6.1%

* For full definitions of *IQmethod*SM measures, see page 8.

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Timestamp: 14 March 2024 06:00AM EDT

14 March 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	22,822.1	22,771.4
2025E Rev (m)	24,170.2	24,079.5
2026E Rev (m)	NA	25,491.2
2024E EPS	1.38	1.37
2025E EPS	1.54	1.49
2026E EPS	NA	1.63

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Stock Data

Price	16.40 USD
Price Objective	19.00 USD
Date Established	14-Dec-2022
Investment Opinion	B-1-7
52-Week Range	14.71 USD - 18.32 USD
Mkt Val (mn) / Shares Out	35,812 USD / 2,183.7 (mn)
Free Float	96.7%
Average Daily Value (mn)	297.03 USD
BofA Ticker / Exchange	PCG / NYS
Bloomberg / Reuters	PCG US / PCG.N
ROE (2024E)	10.2%
Net Dbt to Eqty (Dec-2023A)	182.9%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

Glossary

ALJ: Administrative Law Judge

CCM: Cost of Capital Mechanism

CPUC: California Public Utilities Commission

T&D: Transmission & Distribution

iQprofileSM PG&E Corporation

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	1.8%	3.2%	3.3%	3.4%	3.5%
Return on Equity	10.7%	10.7%	10.2%	10.2%	10.2%
Operating Margin	8.5%	22.3%	23.2%	24.2%	25.3%
Free Cash Flow	(6,493)	(1,386)	(2,349)	(4,374)	(2,186)

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.6x	3.1x	2.8x	2.6x	2.6x
Asset Replacement Ratio	2.6x	2.8x	2.6x	2.7x	2.2x
Tax Rate	NM	30.0%	30.0%	30.0%	30.0%
Net Debt-to-Equity Ratio	221.5%	182.9%	172.5%	169.1%	158.0%
Interest Cover	1.0x	2.8x	2.8x	2.9x	3.1x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	21,680	21,687	22,771	24,080	25,491
% Change	5.0%	0%	5.0%	5.7%	5.9%
Gross Profit	16,824	18,368	19,393	20,641	21,992
% Change	3.5%	9.2%	5.6%	6.4%	6.5%
EBITDA	31,229	33,643	36,115	39,183	42,484
% Change	6.5%	7.7%	7.3%	8.5%	8.4%
Net Interest & Other Income	(1,361)	(1,000)	(1,102)	(1,220)	(1,333)
Net Income (Adjusted)	2,350	2,677	2,920	3,212	3,569
% Change	9.9%	13.9%	9.1%	10.0%	11.1%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	1,814	2,691	2,934	3,226	3,573
Depreciation & Amortization	3,856	3,555	4,025	4,637	5,278
Change in Working Capital	(376)	0	0	0	0
Deferred Taxation Charge	(452)	73	184	184	184
Other Adjustments, Net	(1,121)	2,094	908	279	279
Capital Expenditure	(10,214)	(9,800)	(10,400)	(12,700)	(11,500)
Free Cash Flow	-6,493	-1,386	-2,349	-4,374	-2,186
% Change	-39.8%	78.6%	-69.4%	-86.2%	50.0%
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	(107)	(194)	(284)
Change in Debt	7,080	1,464	3,497	3,400	3,300

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	947	1,411	2,438	1,456	2,672
Trade Receivables	8,837	8,837	8,837	8,837	8,837
Other Current Assets	3,031	3,031	3,031	3,031	3,031
Property, Plant & Equipment	76,208	82,637	89,196	97,443	103,848
Other Non-Current Assets	29,621	29,144	28,667	28,190	27,713
Total Assets	118,644	125,059	132,168	138,957	146,102
Short-Term Debt	4,323	4,323	4,323	4,323	4,323
Other Current Liabilities	11,465	11,465	11,465	11,465	11,465
Long-Term Debt	47,742	47,280	50,280	53,680	56,980
Other Non-Current Liabilities	32,039	34,549	35,859	36,043	36,227
Total Liabilities	95,569	97,617	101,927	105,511	108,995
Total Equity	23,075	27,442	30,241	33,446	37,107
Total Equity & Liabilities	118,644	125,059	132,168	138,957	146,102

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Electric Utilities

Company Description

PG&E Corporation (PCG) is the owner of the Pacific Gas & Electric Company, a regulated utility servicing 13 million people in a 70,000 square mile service area in Northern and Central California. The utility has businesses in electric and natural gas distribution, electricity generation, procurement and transmission, as well as natural gas procurement, transportation, and storage. Pacific Gas & Electric manages over 5 million electric and 4 million natural gas customer accounts.

Investment Rationale

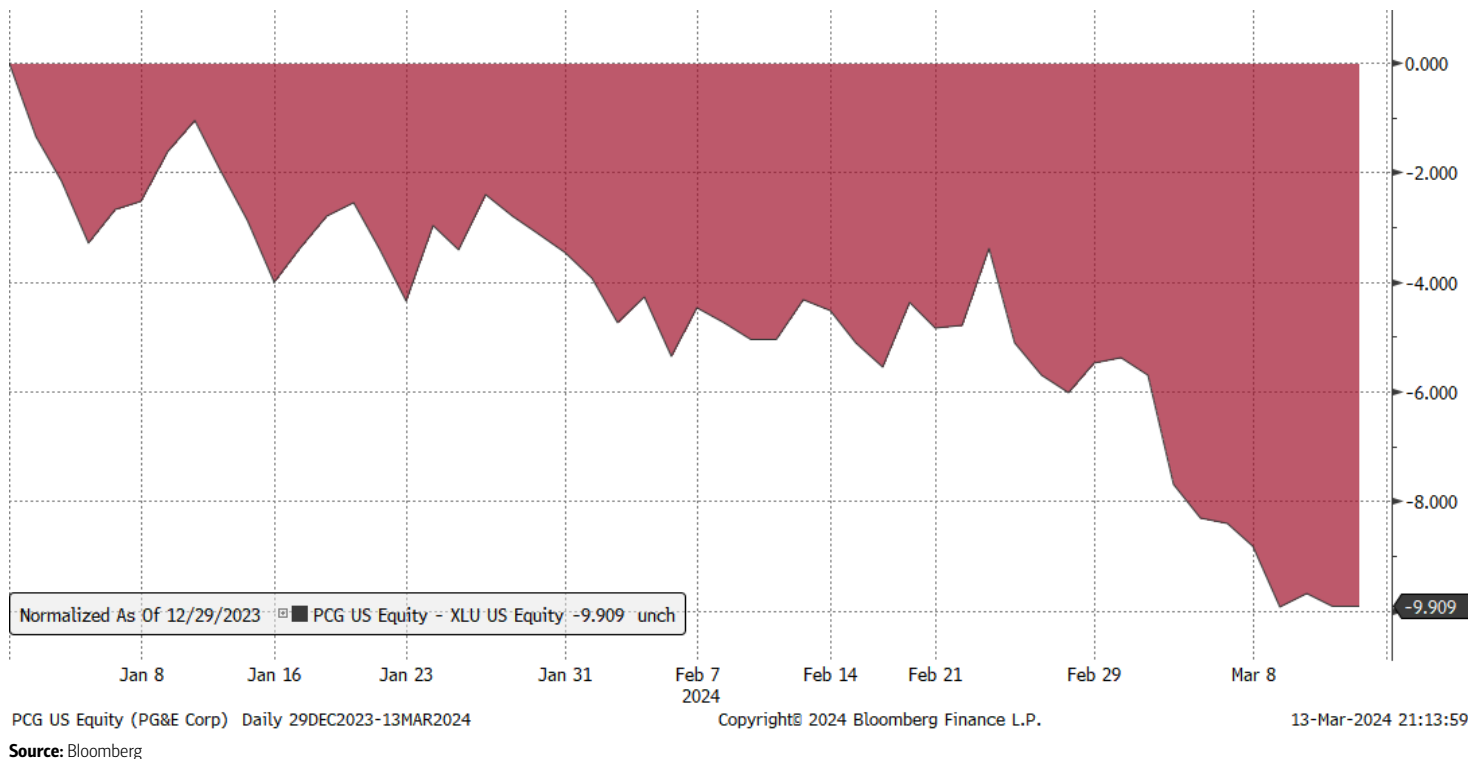
We rate PG&E Corp (PCG) Buy due to the large discount versus peers that shares trade at. PCG offers positive multiple re-rating as it distances itself from legacy wildfire claims and makes progress on mitigating future wildfire risks. PCG offers one of the highest EPS CAGRs at approximately 9% that compensates investors for the above-average risk profile of California. Execution of the strategic undergrounding plan will reduce the risk profile over time.

Stock Data

Average Daily Volume 18,093,668

Exhibit 1: PCG Equity Relative Underperformance YTD vs Utilities Peers (%)

PCG has sharply underperformed in recent days as Texas wildfire topics have dominated the national headlines



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Adjusted EPS: 2-3% above consensus with 9% CAGR

Our latest adjusted EPS and DPS forecast is below where we see a path towards 9% EPS growth, even when introducing equity into the plan later in the forecast. Operational variances/negative lag grows and represents an areas of embedded conservatism. We increase the quarterly dividend +\$0.01 per year which leads to a very low ~5-10% payout ratio but a high growth rate. The dividend yield is not expected to be a meaningful contributor to the total return proposition for some time given the 9%+ EPS growth rate guidance. The new forecast is 2-3% above Consensus 2025+.

We see a scenario for a positive capital-markets linked 'virtuous cycle' should PacGen be approved, alongside other financing routes to improve shares. Watch for further cash benefits to the outlook to be discussed by June including potential return of working capital. We see real reasons why the CPUC would approve generation divestment considering the overall backdrop in the state around utility ownership of generation is not the norm and secondarily the benefits to ongoing capex. Risks of capex cuts without PacGen would appear a credible reason enough for the state to acquiesce. Finally, we see the protracted backdrop as not necessarily indicative of challenges in the process considering the numerous delayed dockets historically in the state. On balance, we like the shares.



Exhibit 2: PCG Financial Profile

Premium growth rate with conservatism embedded

PCG EPS Estimates	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	'23-'28
PG&E Total Ratebase	47,470	49,500	58,000	63,500	68,000	74,222	81,878	89,203	9.0%
PG&E Blended Allowed ROE	10.29%	10.29%	10.03%	10.65%	10.65%	10.65%	10.65%	10.65%	
PG&E Blended Allowed Equity	51.54%	51.52%	51.56%	51.58%	51.59%	51.59%	51.58%	51.58%	
Allowed EPS	\$1.27	\$1.23	\$1.40	\$1.64	\$1.74	\$1.87	\$2.02	\$2.17	9.1%
Less: Operational Variances	-\$0.27	-\$0.13	-\$0.15	-\$0.26	-\$0.24	-\$0.24	-\$0.25	-\$0.24	9.6%
PCG EPS - BofA	\$1.00	\$1.10	\$1.25	\$1.37	\$1.50	\$1.63	\$1.77	\$1.93	9.0%
Guidance: ~9% EPS Growth from 2023	\$0.95-\$1.05	\$1.07-\$1.13	\$1.29-\$1.23	\$1.33-\$1.37	\$1.47	\$1.60	\$1.75	\$1.91	
BofA vs Guidance	-0.4%	0.4%	3.5%	1.6%	1.7%	1.6%	1.5%	1.3%	
Consensus EPS	\$1.00	\$1.10	\$1.21	\$1.35	\$1.47	\$1.59	\$1.73	\$1.88	9.8%
BofA vs Consensus	0.0%	0.6%	3.2%	1.4%	1.7%	2.6%	2.5%	2.5%	
<i>BofA Change in Estimates</i>			3.5%	-0.6%	-2.8%				
PCG DPS	0.00	0.00	0.00	0.05	0.09	0.13	0.17	0.21	43.2%
Payout Ratio: ~60% Target Long-Term	0%	0%	0%	4%	6%	8%	10%	11%	

Source: Company Filings, Bloomberg, & BofA Global Research

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Valuation: Maintain \$19 PO

Our PO of \$19 reflects an in-line P/E versus the 13.9x electric 2026 peer P/E groups, grossed-up by 5% to reflect capital appreciation across the sector). The acute wildfire risk is incorporated separately via a scenario probability weighted at 50% assuming PCG hits the cap in three-year increments.

We maintain our \$19 PO with two approximately offsetting factors.

- -\$4/share: Applying the 13.9x average 2026 P/E multiple versus 16.0x 2025 previously
- +\$4/share Lowering the wildfire liability probability to 50% to 100% after the risk reduction efforts and regulatory/legislative visibility.

Exhibit 3: PG&E Corp (PCG) Sum of the Parts Valuation

We still see strong potential total return despite -\$4/share for prospective wildfire risk and not valuing the base business at a premium

PG&E Corp (PCG) Sum of the Parts Valuation		2026 EPS	P/E Multiple		Equity Value	
PG&E Corp			Peer	Prem/ Discount	Base	
Group Peer Multiple			13.9x	-	-	-
Group EPS CAGR			5.0%	-	-	-
Electric Businesses						
Electric Utility (CPUC) & Parent Drag	\$0.47	14.6x	0.0x	14.6x	\$6.86	
FERC Electric Transmission	\$0.34		0.0x	14.6x	\$4.94	
Gas Businesses						
Gas Utility (CPUC)	\$0.58	14.6x	0.0x	14.6x	\$8.47	
GT&S	\$0.24		0.0x	14.6x	\$3.51	
Total EPS	\$1.63				\$23.79	
Less: NPV of Ongoing Wildfire Contribution		-\$682			-\$0.31	
Annual wildfire fund reimbursement (\$3.7 cap, 3-Yr impact)		Prob weight	Annual prob-weighted	EPS impact	Multiple	Weighted
		50%	(617)	(0.28)	14.6x	-\$4.12
Total Equity Value Per Share						\$19.00
Current Equity Price						\$16.39
Potential Share Price Return						15.9%
NTM Dividend Yield: FY1 Dividend Yield						0.3%
Potential Total Return						16.2%

Source: Company Filings, Bloomberg, & BofA Global Research

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Title: Subtitle

[PG&E Corporation: Reaffirming LT EPS CAGR After Rate Case. Dividend Starting Very Low at \\$0.01/Qtr](#)
[PG&E Corporation: Proposed decisions recommend shift away from undergrounding capex](#)
[PG&E Corporation: Lean, green capex machine: Investor Day focuses on capital ahead of GRC outcome](#)
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[US Utilities & Clean Tech: PowerPoints: PCG Guide up, ETR, D lower pension income, LNG, ORA, CWEN, & OGS](#)
[US Utilities & IPPs: PowerPoints: PCG Fire Victim Trust, UGI mgmt, FE Ohio, NI, SRE, & M&A latest](#)
[US Utilities & IPPs: PowerPoints: PCG Convert, ES CT ROE, SO Georgia Election, NEE Maine, AES Coal](#)
[US Utilities & IPPs: PowerPoints: PCG FVT & Headquarters, Texas Power M&A, ETR, AES, & Inflation](#)

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Price objective basis & risk

PG&E Corporation (PCG)

Our PO of \$19 reflects an in-line P/E versus the 13.9x electric 2026 peer P/E groups, grossed-up by 5% to reflect capital appreciation across the sector). The acute wildfire risk is incorporated separately via a scenario probability weighted at 50% assuming PCG hits the cap in three-year increments.

Risks to achievement to estimates and Price Objective are: 1) Wildfire and other natural disasters/catastrophic events, 2) changes in regulatory/legislative/political outcomes, 3) interest rates, 4) equity needs, 5) earned returns and operating costs, 6) nuclear performance, 7) ability to deploy capital, 8) asset sales, 9) management changes, and 10) environmental, social, & governance [ESG] profile.

Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nexttracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	AltaGas	YALA	ALA CN	Cameron Lochridge

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith
RVW				
	New Fortress Energy	NFE	NFE US	Julien Dumoulin-Smith

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

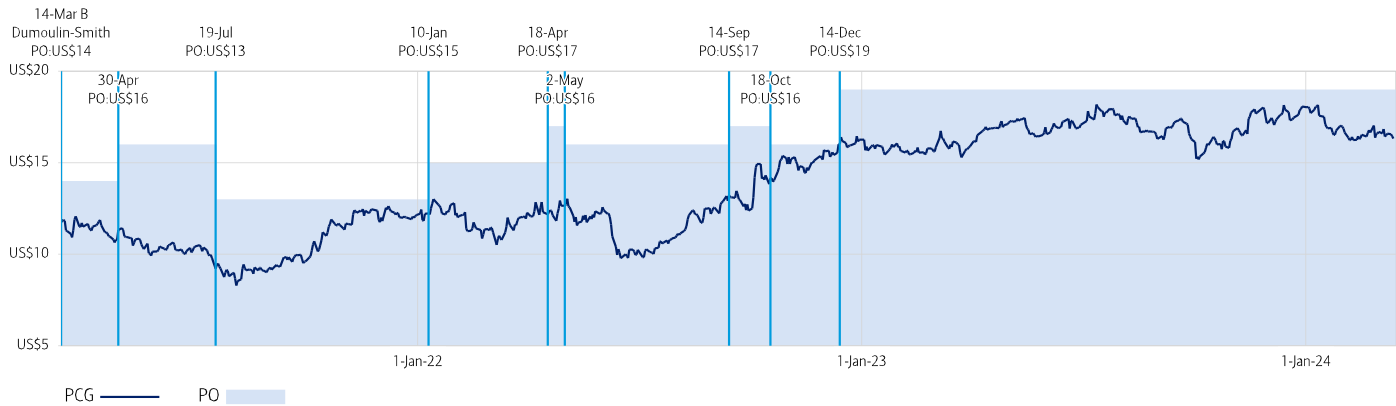
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PG&E Corp. (PCG) Price Chart



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Equity Investment Rating Distribution: Utilities Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
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^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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