

## Justness Undervalued: The Market Valuation of JUST Companies

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March 2017

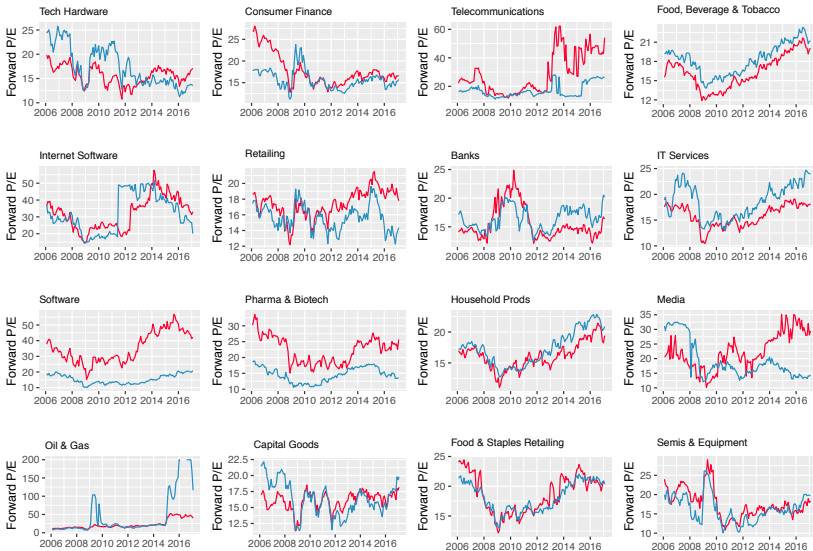
## The JUST 100's Market Valuation is Below that of Lower-Ranked Peers

- We compared relative equity valuations using monthly Bloomberg ratios:
  - Forward price-to-earnings
  - Reported price-to-book value
  - Forward EV-to-EBITDA
  - Dividend yield
- Timeframe: Jan 2006 - Jan 2017
- Historical JUST 100 Fwd P/E premium: -3%; (Jan '17: -1%)
- Historical JUST 100 P/BV premium: 8%; (Jan '17: -4%)
- Historical JUST 100 Fwd EV/EBITDA premium: -10%; (Jan '17: -10%, excludes financials)
- JUST 100 historically trade at a 2% discount and currently trade at 4% discount across average of three above ratios
- Historical JUST 100 Div Yld: 10% lower yield; (Jan '17: 8% lower)
- Main conclusion: Justness appears undervalued; Investors don't systematically need to pay a premium to own a diversified portfolio of JUST companies
- Furthermore, as previously shown the JUST 100 generate higher ROIC than peers (*Happy Together: Capital and Labor at JUST Companies*, Dec 2016)
- However, the JUST 100 trade at a slightly lower dividend yield

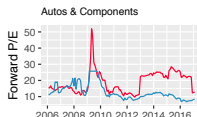
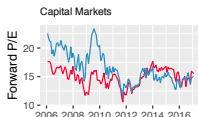
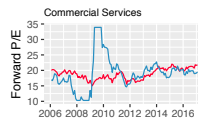
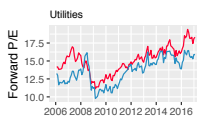
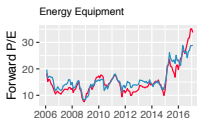
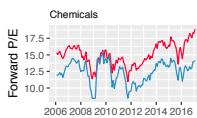
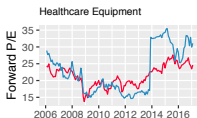
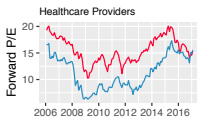
## Historical Average Forward P/E: JUST 100 vs. Others

	JUST100	Others	Ratio
Oil & Gas	40.7	22.3	82%
Real Estate	62.6	41.3	51%
Materials	23.7	16.0	48%
IT Services	18.7	15.8	18%
Food, Beverage & Tobacco	18.3	16.4	12%
Tech Hardware	17.4	15.7	11%
Capital Markets	16.5	14.9	11%
Household Prods	17.3	16.2	7%
Healthcare Equipment	22.7	21.3	6%
Banks	16.4	15.6	5%
Energy Equipment	16.1	15.3	5%
Capital Goods	16.4	16.1	2%
Commercial Services	19.1	18.8	1%
Internet Software	32.2	32.0	0%
Food & Staples Retailing	18.2	18.7	-3%
Insurance	11.3	11.7	-4%
Aerospace & Defense	13.4	14.5	-7%
Semis & Equipment	16.2	17.6	-8%
Machinery	13.7	15.0	-9%
Utilities	13.6	15.1	-10%
Retailing	15.7	17.4	-10%
Consumer Finance	15.7	17.7	-11%
Media	19.1	22.4	-15%
Chemicals	12.4	15.0	-17%
Transportation	14.1	18.0	-22%
Consumer Services	17.1	22.1	-23%
Consumer Durables	13.0	17.6	-26%
Healthcare Providers	11.3	15.5	-27%
Autos & Components	12.8	18.9	-32%
Pharma & Biotech	14.6	22.3	-35%
Telecommunications	16.9	28.5	-41%
Software	15.3	35.2	-56%
<b>Average</b>	<b>18.8</b>	<b>19.4</b>	<b>-3%</b>

## Forward P/E Valuation (JUST 100 in Blue)



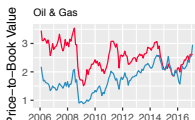
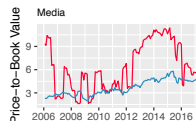
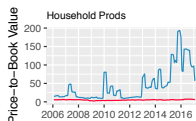
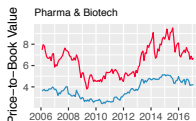
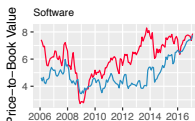
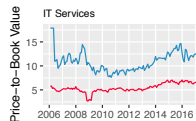
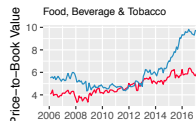
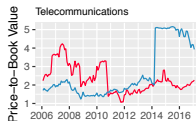
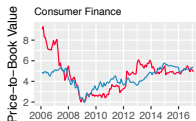
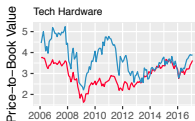
## Forward P/E Valuation (JUST 100 in Blue)



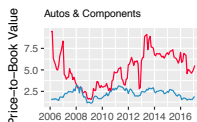
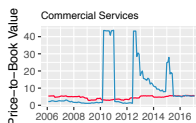
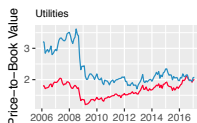
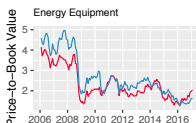
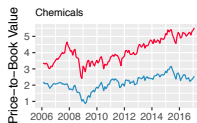
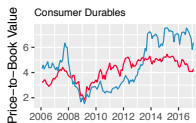
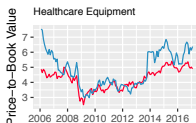
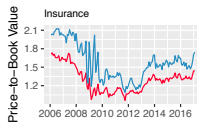
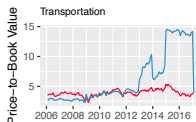
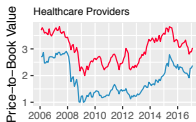
## Historical Average P/BV: JUST 100 vs. Others

	JUST100	Others	Ratio
Commercial Services	9.9	4.6	115%
IT Services	10.9	5.4	101%
Aerospace & Defense	7.1	3.6	97%
Internet Software	7.1	3.7	94%
Transportation	6.1	3.9	58%
Banks	1.9	1.4	43%
Utilities	2.3	1.7	39%
Capital Goods	4.1	3.0	35%
Tech Hardware	3.7	2.9	27%
Food, Beverage & Tobacco	5.9	4.8	25%
Capital Markets	3.7	3.0	24%
Insurance	1.6	1.3	22%
Energy Equipment	2.7	2.3	16%
Healthcare Equipment	4.8	4.2	14%
Food & Staples Retailing	3.8	3.3	13%
Telecommunications	2.6	2.3	13%
Consumer Durables	4.6	4.2	10%
Semis & Equipment	3.4	3.2	7%
Materials	3.0	3.1	-5%
Real Estate	3.4	3.6	-5%
Consumer Finance	4.4	4.6	-6%
Consumer Services	4.4	4.8	-9%
Machinery	2.9	3.3	-12%
Software	4.9	6.2	-21%
Oil & Gas	1.8	2.5	-30%
Healthcare Providers	1.9	3.0	-38%
Retailing	2.6	4.4	-41%
Pharma & Biotech	3.7	6.4	-42%
Media	3.6	6.3	-43%
Chemicals	2.2	4.1	-47%
Autos & Components	2.2	5.1	-57%
Household Prods	NA	5.2	NA%
<b>Average</b>	<b>4.1</b>	<b>3.8</b>	<b>8%</b>

## P/BV Valuation Time-Series (JUST 100 in Blue)



## P/BV Valuation Time-Series (JUST 100 in Blue)

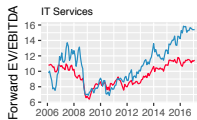
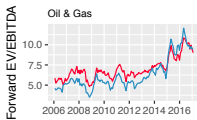
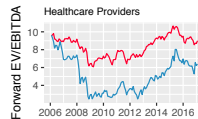
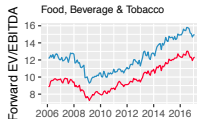
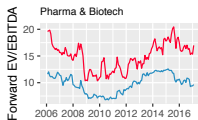
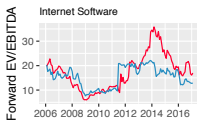
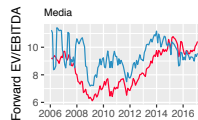
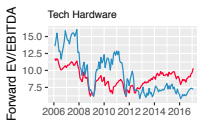




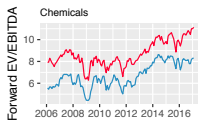
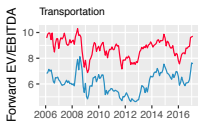
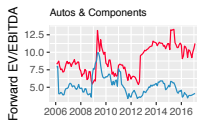
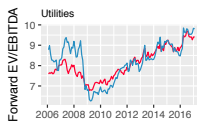
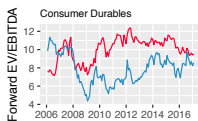
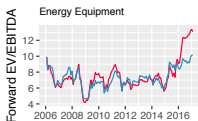
## Historical Avg Fwd EV/EBITDA: JUST 100 vs. Others

	JUST100	Others	Ratio
Food, Beverage & Tobacco	12.3	9.9	24%
Household Prods	10.7	9.5	13%
IT Services	10.8	9.6	13%
Materials	8.8	7.8	13%
Retailing	10.1	9.0	13%
Media	9.4	8.4	12%
Food & Staples Retailing	9.2	8.2	11%
Tech Hardware	9.5	8.8	8%
Healthcare Equipment	13.0	12.6	3%
Commercial Services	9.6	9.4	2%
Utilities	8.2	8.1	1%
Energy Equipment	7.3	7.5	-3%
Consumer Services	10.2	10.6	-4%
Capital Goods	8.7	9.1	-4%
Aerospace & Defense	8.0	8.7	-7%
Oil & Gas	6.3	7.0	-10%
Internet Software	15.4	17.3	-11%
Semis & Equipment	8.6	9.8	-13%
Machinery	7.7	8.8	-13%
Consumer Durables	7.9	10.0	-21%
Telecommunications	5.4	6.9	-22%
Chemicals	6.7	8.7	-23%
Transportation	6.1	8.8	-30%
Pharma & Biotech	9.8	14.9	-34%
Healthcare Providers	5.1	8.3	-39%
Autos & Components	5.2	9.0	-42%
Software	8.5	18.8	-55%
<b>Average</b>	<b>8.8</b>	<b>9.8</b>	<b>-10%</b>

## Forward EV/EBITDA Time-Series (JUST 100 in Blue)



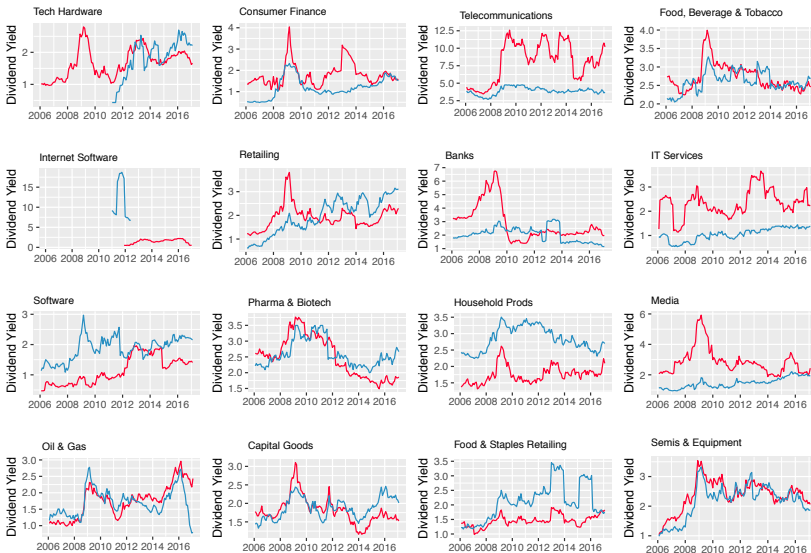
## Forward EV/EBITDA Time-Series (JUST 100 in Blue)



## Historical Average Div Yield: JUST 100 vs. Others

	JUST100	Others	Ratio
Software	1.9	1.1	64%
Household Prods	2.8	1.8	62%
Consumer Durables	2.9	1.8	62%
Energy Equipment	2.8	1.7	61%
Chemicals	2.8	1.9	48%
Food & Staples Retailing	2.1	1.5	45%
Materials	2.7	2.1	31%
Insurance	2.9	2.2	28%
Aerospace & Defense	2.3	1.9	22%
Tech Hardware	1.8	1.7	10%
Pharma & Biotech	2.6	2.5	4%
Capital Goods	1.9	1.8	4%
Retailing	2.0	1.9	2%
Healthcare Equipment	1.7	1.7	1%
Utilities	3.9	3.9	-1%
Oil & Gas	1.7	1.7	-3%
Food, Beverage & Tobacco	2.6	2.7	-4%
Machinery	1.7	1.8	-5%
Autos & Components	2.0	2.1	-7%
Capital Markets	2.0	2.1	-7%
Semis & Equipment	2.2	2.4	-8%
Transportation	1.4	1.7	-18%
Consumer Services	2.0	2.5	-20%
Banks	2.1	2.9	-28%
Consumer Finance	1.2	1.8	-33%
Media	1.5	2.9	-49%
Commercial Services	1.5	3.1	-52%
Telecommunications	3.9	8.1	-52%
IT Services	1.1	2.3	-55%
Healthcare Providers	0.5	1.1	-56%
Real Estate	1.1	4.7	-76%
Internet Software	NA	1.5	NA%
<b>Average</b>	<b>2.1</b>	<b>2.3</b>	<b>-10%</b>

## Dividend Yield Time-Series (JUST 100 in Blue)



## Dividend Yield Time-Series (JUST 100 in Blue)

