Weekly Watchlist: Tracking the Top EVA Standouts

PRVit Improvers for the Week:

For this week's improvers in the PRVit Framework, we take a deep dive look at three firms at different points in their Economic Profitability cycle. We study U.S. firm Travelers Cos Inc (**TRV, rated 'Overweight')**, which saw an 8-point improvement in PRVit Prime Score to 75, with an expansion in Profitability and move lower in both Risk and Valuation scores after the Q3 results. We also look at the Dutch firm Koninklijke Philips (**PHG, rated 'Overweight')**, which has seen a 5-point improvement in PRVit Prime Score to 62, which has led to an upgrade from 'Hold.' A more favorable Risk score has supported the move. The third company, Genuine Parts (**GPC, rated 'Overweight'**), has seen a large 16-point increase in PRVit Prime Score to 66, also moving the firm from a 'Hold' recommendation to 'Overweight.' Profitability has moved higher, while Risk and Valuation have moved lower after their Q3 numbers. We include the full results (page 5) of our screen for Large and Mid-Cap firms (with a Market Cap of $2bn+) in Developed Markets that currently have a PRVit Prime score of 60 or above, after recording an improvement in the PRVit framework over the past week.

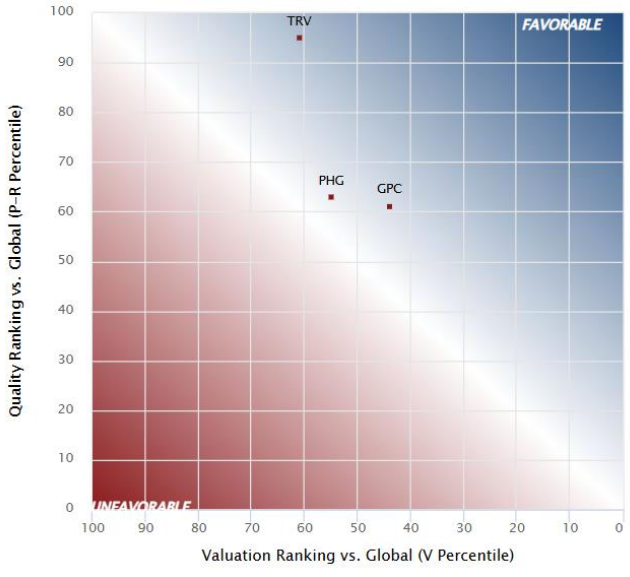
Figure 1: PRVit Change Table

Name	Ticker	Sector	Country	Mkt Cap ($mm)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Δ 1 Week PRVit Score	Return Ytd (%)
TRAVELERS COS INC	TRV	Financials	U.S.	60,576	75	95	96	30	61	8	11.8%
KONINKLIJKE PHILIPS NV -ADR	PHG	Health Care	Netherlands	27,462	62	63	69	59	55	5	16.6%
GENUINE PARTS CO	GPC	Cons Discretionary	U.S.	18,715	66	61	51	26	44	16	17.9%

Stocks at a Different Phase in Quality

The Heat Map shows the visual trade-off between Quality and Valuation: Companies in the favorable (blue) area offer a better Quality-Value tradeoff than those in the unfavorable (red) area. **TRV** has the highest Risk-Adjusted Profitability for a not-much-higher relative level of Valuation. **PHG** and **GPC** have a lower level of Quality, which has been improving, and are both trading relatively cheaper (lower Valuation score).

Figure 2: HEAT Map



Attractive PRVit and Positive Change

PRVit compares a company's operational Quality, based on EVA metrics, to the company's market-based Valuation. When Quality exceeds Valuation, the overall PRVit ranking will be higher.

PRVit Prime score provides the percentile score of the ratio of a firm's Quality score as measured by its **P**erformance and **R**isk metrics to its actual market **V**aluation (P-R)/V. PRVit Prime Score is measured against the market as a whole and is adjusted for any sub-sector or country biases.

Scoring
All factors scored from 0 to 100.
PRVit: 100 is most favorable.
Quality (P-R): 100 is highest Quality.
Profitability (P): 100 is most Profitable.
Risk (R): 0 is lowest Risk.
Valuation: 0 is cheapest.

ISS ESG Performance: Page 5 includes the ISS ESG Performance ratings of both firms, coupled with their industry-specific rankings.

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About ISS EVA

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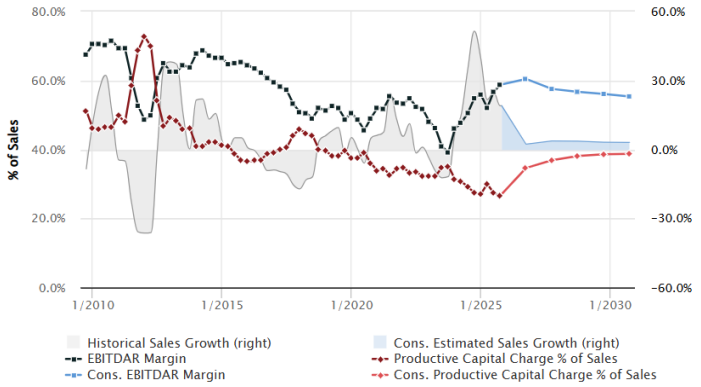
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Travelers Co (TRV)

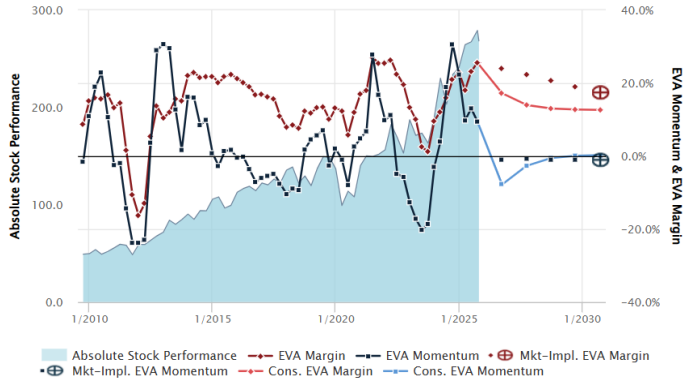
PRVit Recommendation: 'Overweight' – High Levels of Economic Profitability but Potential Peaking Risk

- PRVit has improved for TRV with a move down in relative Risk and a move lower in Valuation, as the stock pulled back post-Q3 results.
- The firm has a low Vulnerability Risk (R2) score of 24, with strong cash flow generation and a Capital Ratio FEA of 19%, which puts the firm in the top 36% of the industry.
- Sales Growth is strong at 19% (TFQ), although this has seen some slowing, caused by a weaker Q1 print earlier in the year.
- EBITDAR Margin has seen two quarters of strong expansion on lower SG&A as percentage of sales.
- The Productive Capital Charge (lower is more favorable) is at an all-time low as the firm benefits from strong top-line growth and has pulled back on investment, leading to a very strong level of asset efficiency.
- EVA Margin has reached close to the prior peak seen in 2022, with the level at 25.6% as of the September quarter.
- EVA Momentum is very positive at 9.5% but has seen a contraction in the latest quarter, pressured by the lower top-line growth.
- Embedded expectations for growth (Future Value Added, FVA) turned negative at a time when Current Value Added (CVA) expanded to a new all-time high. The market has switched to a bearish outlook for value creation going forward, with Future Growth Reliance (FGR) trading at a discount of -12.4%.
- Investors have tended historically to have a negative view of the firm's potential for growth in EVA going forward. It will be crucial for the firm to demonstrate sustainability in value creation as investors may look to take further profits at this point. Historically a better buying opportunity has been when the firm has a depressed level of EVA Profitability.

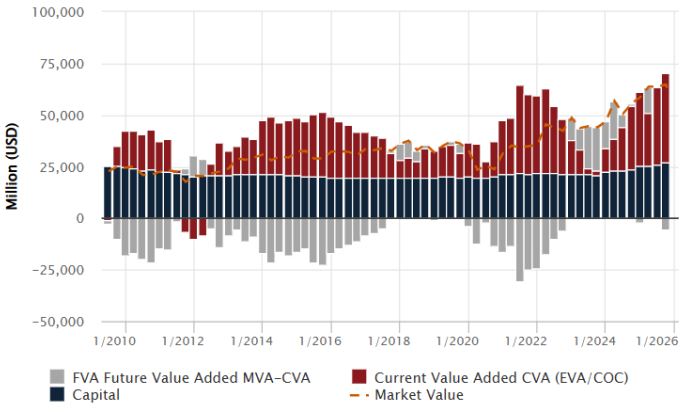
EVA Drivers: Sales, Margins, and Turns



EVA Fundamentals: Profitability Level and Growth



Enterprise Value Components: Capital, CVA, and FVA



Future Growth Reliance (FGR): Market Expectations

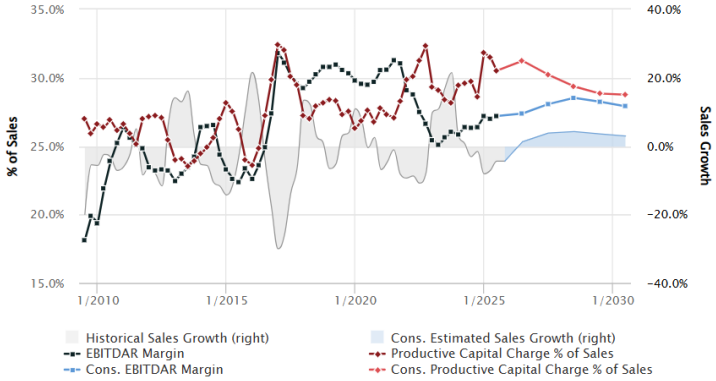


Koninklijke Philips (PHG)

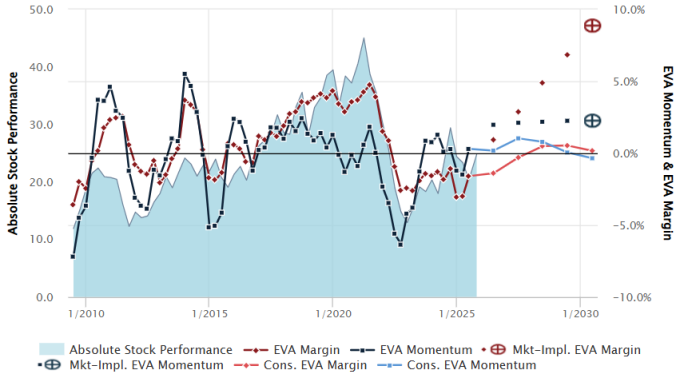
PRVit Recommendation: 'Overweight' – Turnaround Story

- PHG's 5-point improvement in PRVit Prime score, which also led to a rating upgrade from 'Hold,' was supported by a reduction in Risk score.
- Risk has gone down due to the reduction in Volatility (R1) score with both stock price Volatility and EVA Margin Variability decreasing.
- Sales Growth (TFQ) is negative but has been improving through 2025, to currently -4.4%.
- EBITDAR Margin has been on an upward trend since bottoming in March 2023 to 27.2% on lower COGS (% of Sales), which is offsetting a higher SG&A expense (as a % of sales).
- The Productive Capital Charge (lower is more favorable) has improved over the past two quarters from very elevated levels, mainly from the benefit of top-line growth becoming less negative.
- EVA Margin is negative but bottomed out in Q1 of 2025 and improved to -1.6% as of the June quarter. EVA Momentum positively inflected and turned to growth in the same quarter.
- Embedded expectations for growth (Future Value Added, FVA) have remained positive and are in the upper end of the long-term range. Investors didn't move to a more positive view at a time when CVA contracted further. The percentage of today's market value dependent on growth is currently around 59%, the upper end of the range.
- The EVA framework has a positive outlook on **PHG**, given the improvement in Profitability and lower Volatility. The market is implying EVA Margin turns back to positive over the next 12 months, which would be the first time since March 2022.

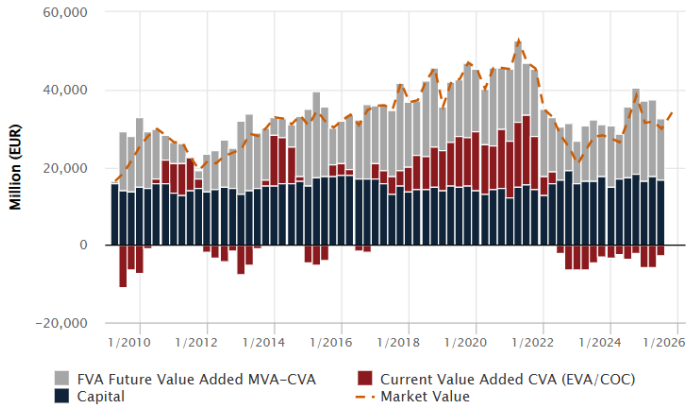
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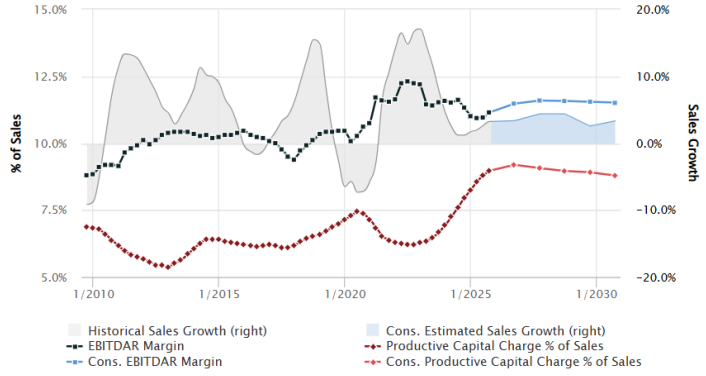


Genuine Parts (GPC)

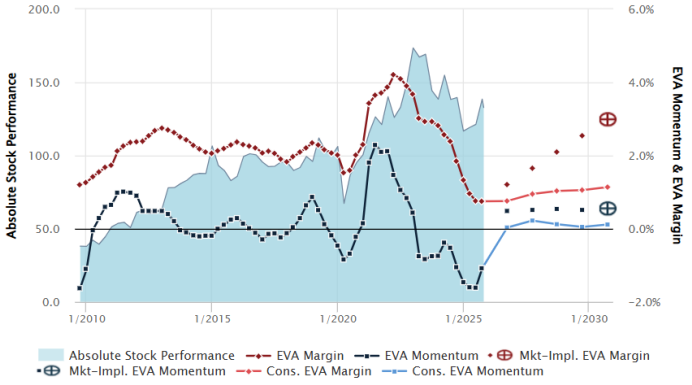
PRVit Recommendation: 'Overweight' – Bottoming Out Opportunity?

- **GPC** has seen an improvement in all three PRVit factors, with Profitability moving higher, Risk moving lower, and the relative Valuation score also dropping.
- A decrease in both Volatility (R1) and Vulnerability (R2) scores have led to the improvement in Risk. The Vulnerability score has improved on the back of stronger cash flow generation.
- Sales Growth (TFQ) has been expanding through 2025, reaching 3.3% as of the September quarter.
- EBITDAR Margin has seen a small 30bps expansion over the past two quarters as the firm sees some operating leverage off the pickup in top-line growth.
- The Productive Capital Charge (higher is less favorable) has seen a large 270bps increase since 2022 on higher new investment as a percentage of sales, along with an increase in book intangible charges, due to the increase in goodwill.
- EVA Margin is at the lowest level in history at 0.8%, as of the September quarter. Consensus forecasts a gradual pick up in EVA Profitability over the next 5 years, while the level implied by the market is one of growth, with EVA margin in 12 months' time forecast to be at 1.2%.
- EVA Momentum (Growth) has seen the first improvement in 5 quarters, although it remains negative. The positive inflection was led by the improvement in Sales Growth and EBITDAR Margin.
- Embedded expectations for growth (Future Value Added, FVA) have increased since 2022, moving inversely to the direction of Current Value Added (CVA). As Profitability has worsened, the market has become more optimistic about the future growth opportunity. This is reflected in Future Growth Reliance (FGR) reaching around the high point of December 2014.
- Although the market has very high expectations for growth at GPC, we think that the stock can do well during a period of bottoming in economic Profitability.

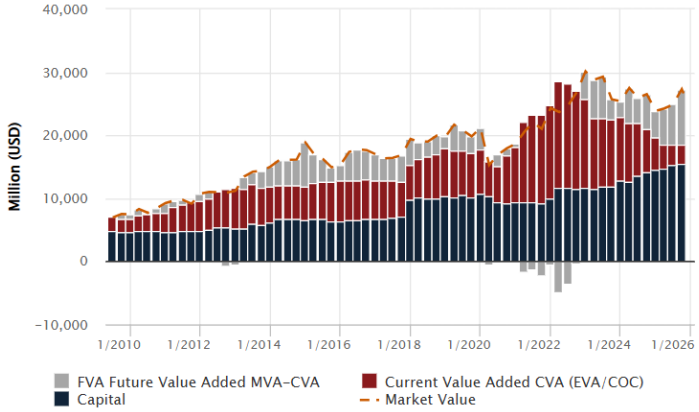
EVA Drivers: Sales, Margin, and Turns



EVA Fundamentals: Profitability Level and Growth



Enterprise Value Components: Capital, CVA, and FVA



Future Growth Reliance (FGR): Market Expectations



Screen Results

Criteria:

- Market Cap: $2bn+ (Large and Mid-cap firms)
- Economic Development: Developed Markets
- PRVit Prime score: 60 or above (rated 'Overweight' or 'Buy' in the framework)
- 1 Week PRVit Change: 5 points or above

Name	Ticker	Sector	Country	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Δ 1 Week PRVit Score	Return Ytd (%)	ESG Perf Score
TRAVELERS COS INC	TRV	Financials	U.S.	60,576	25.6%	9.5%	-1	75	95	96	30	61	8	11.8%	42.71
STATE STREET CORP	STT	Financials	U.S.	32,274	1.1%	4.7%	-1	80	61	72	66	26	10	19.7%	57.74
BERKLEY (W R) CORP	WRB	Financials	U.S.	28,491	20.5%	4.3%	2	61	95	93	22	74	14	29.5%	40.51
M&T BANK CORP	MTB	Financials	U.S.	28,420	1.3%	2.0%	4	78	70	62	29	20	8	-1.1%	40.55
KINROSS GOLD CORP	KGC	Materials	U.S.	28,091	-2.9%	19.4%	4	80	63	66	50	38	5	149.4%	45.69
KONINKLIJKE PHILIPS NV -ADR	PHG	Health Care	Netherlands	27,462	-1.1%	0.7%	1	62	63	69	59	55	5	16.6%	65.61
WATERS CORP	WAT	Health Care	U.S.	20,827	16.1%	0.8%	4	60	85	80	30	90	5	-5.9%	53.24
GENMAB AS	GMAB DC	Health Care	Denmark	19,151	34.3%	-2.5%	1	83	81	91	63	54	6	44.0%	55.73
GENUINE PARTS CO	GPC	Cons Discretionary	U.S.	18,715	0.7%	-1.1%	1	66	61	51	26	44	16	17.9%	40.31
ROYAL GOLD INC	RGLD	Materials	U.S.	15,593	14.3%	21.4%	8	64	85	80	31	78	8	41.4%	48.78
PAN AMERICAN SILVER CORP	PAAS	Materials	U.S.	14,966	-2.2%	16.7%	5	65	63	66	52	53	6	77.0%	45.78
EAST WEST BANCORP INC	EWBC	Financials	U.S.	13,618	20.9%	2.8%	6	65	83	84	43	47	6	5.1%	27.79
STRABAG SE	STR AV	Industrials	Austria	9,925	2.2%	0.7%	2	75	69	82	70	28	8	112.3%	37.27
WEBSTER FINANCIAL CORP	WBS	Financials	U.S.	9,323	1.3%	2.0%	4	62	52	54	51	16	16	3.8%	28.95
VALMONT INDUSTRIES INC	VMI	Industrials	U.S.	8,196	4.1%	0.3%	1	78	90	76	9	66	8	35.8%	40.49
MARA HOLDINGS INC	MARA	IT	U.S.	7,435	30.0%	41.4%	1	80	67	94	100	42	5	19.7%	27.85
COMMERCE BANCSHARES INC	CBSH	Financials	U.S.	7,192	11.8%	2.3%	-1	68	90	80	15	54	10	-12.3%	26.82
TELEKOM AUSTRIA AG	TKA AV	Comm Services	Austria	7,099	0.1%	0.1%	4	83	60	53	30	8	8	35.2%	63.37
THYSSENKRUPP AG	TKA GR	Materials	Germany	6,559	-1.8%	4.3%	-1	82	50	57	62	17	13	163.4%	51.56
HUDBAY MINERALS INC	HBM	Materials	Canada	6,035	2.3%	9.5%	2	79	58	76	83	28	6	88.1%	46.59
HANCOCK WHITNEY CORP	HWC	Financials	U.S.	4,809	3.6%	5.2%	-1	67	64	63	42	24	14	6.2%	23.64
OPTION CARE HEALTH INC	OPCH	Health Care	U.S.	4,584	1.6%	-0.1%	2	75	76	68	29	54	5	21.6%	55.61
TOREX GOLD RESOURCES INC	TXG.	Materials	Canada	3,591	10.7%	7.4%	4	60	50	73	95	36	8	111.6%	43.72
Y.H. DIMRI BLDNG & DEV LTD	DIMRI IT	Real Estate	Israel	2,510	12.6%	5.6%	-2	72	66	86	84	67	7	16.3%	
HOCHSCHILD MINING PLC	HOC LN	Materials	U.K.	2,496	2.7%	9.5%	-2	65	58	74	78	36	9	82.2%	31.46
U NEXT HOLDINGS CO LTD	9418 JP	Comm Services	Japan	2,462	3.4%	0.2%	2	66	90	85	24	56	26	23.9%	26.77
ENERPAC TOOL GROUP CORP	EPAC	Industrials	U.S.	2,253	-3.9%	-1.8%	1	69	68	46	2	48	7	3.5%	34.90
BANNER CORP	BANR	Financials	U.S.	2,180	1.5%	1.2%	6	71	66	54	21	23	16	-3.4%	29.85

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We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.
EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all TRVs, including the BIDU of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum
Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)
The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV
Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com (link): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework
EVA for Investors (link): A full introduction to the key EVA concepts and metrics

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