



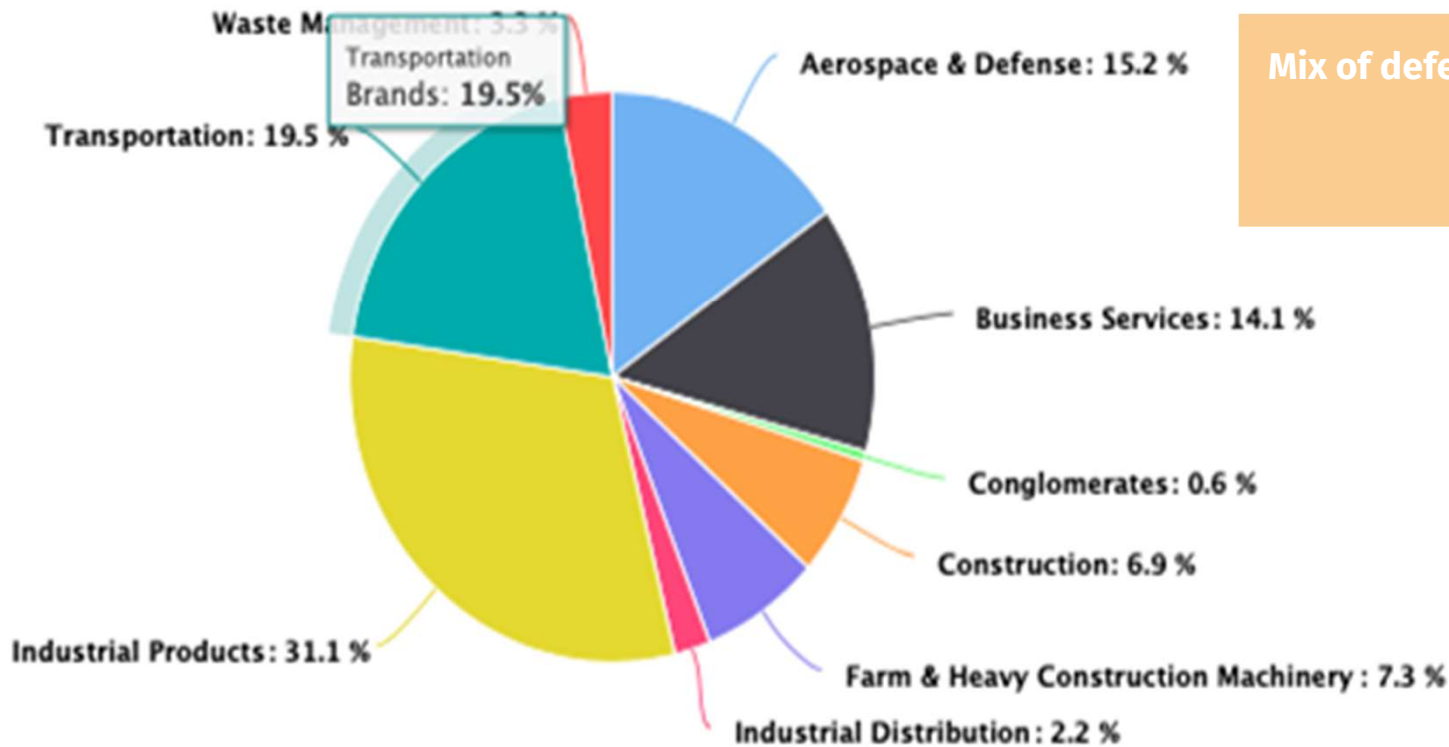
Industrials

Sector Analysis



Sector overview

Sector Weighting



8.13 %

Weight in S&P
500

Mix of defensive and cyclical stocks

Sensitive super sector

Industries

- Farm & Heavy Constructions
- Industrial Distribution
- Industrial Products
- Transportation
- Waste Management

- Aerospace & Defense
- Business Services
- Conglomerates
- Constructions

Sector Fundamental

| | |
|------------------|----------|
| P/E Ratio TTM | 156.06 |
| Enterprise Value | \$64.93B |
| EPS | \$3.23 |
| EPS Growth | 22.75% |
| ROE | 8.22% |
| ROI | 5.28% |
| Debt / Equity | 106.96 |
| Dividend Yield | 1.91% |
| Revenue Growth | -4.34% |

Business Model

- Airline business models: Full-Service Network Carriers
- Manufacturer business model: utilizes raw materials to create a product to sell

Graph 1.1 Sector index performance against S&P 500



Top 10 largest firms in sector



MUSMIF

Sector Outlook



Positive

Capital expenditures are likely to increase if global growth continues to improve;
The sector tends to outperform early in the business cycle;
Many companies in the sector have cash-heavy balance sheets.



Negative

Capital expenditures have been tepid;
Delays in COVID-19 vaccine distribution is a headwind for airlines;
Aircraft demand is likely to be weak until business and leisure travel resumes.



Risk

While we're currently neutral on the sector, if there is a stronger-than-expected surge in global growth or massive infrastructure stimulus, then it could perform better than expected.

MUSMIF

Industry competition analysis

Porter's five forces framework

01

Customers Bargaining Power

Weak bargaining power
Low product differentiation



Suppliers Bargaining Power

02

Strong bargaining power
Few suppliers and choices
Government regulations

03

Threats of New Entry

Moderate threats:
Barriers to entry
Trend of innovating new products and services



Rivalry Among Competitors

05

High competition
Few large competitors
Customer loyalty is low

04

Threats of Substitutes

High threats:
Switching cost is low for consumers



Factors Affecting pricing power

Barrier to Entry

Moderate: Expensive barriers for transportation and environmental service industry, but less barriers for business service industry

Industry Concentration

High: The industry concentration is high due to oligopoly market structure. The top firms influence market production

Industry Capacity

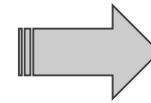
High industry capacity due to rising demand for industry products and services

Market Share Stability

High: Stable market shares, business giants like Republic Service, Boeing, and Honeywell

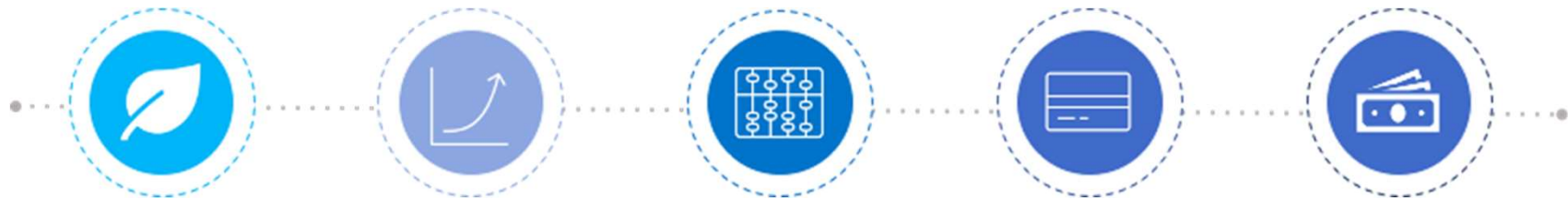
Price Competition

Moderate price competition. Oligopoly market structure



Weak Pricing Power

External Factors



Macroeconomic

Unemployment rate decrease to 6.3% (Jan 2021)
Annual inflation rate decrease to 0.62% (2020)

Technological

Green energy
New equipment

Governmental

Green industrial policies, preserve employment policies in large airline companies.

Social

Covid-19 hit the transportation and construction industry

International

International trade was affected by the pandemic

Competitive Advantage and Strategy

REPUBLIC SERVICES INC

Competitive Advantage:

Regional monopolies in collection operations, recycling centers, transfer stations, and landfills.

Discounted equipment purchasing

One of the largest trash management networks

Strategy:

A large customer base

Well-diversified operation area

Offering an impressive advertising presence to gain positive consumer recognition.

BOEING CO

Competitive Advantage:

Strong international influential

Strong relations with many companies

A broad product line

Strategy:

Closing the gap between the company's perception and production

Strengthening research and development partnerships worldwide

Holding Company Business Analysis

WASTE MANAGEMENT

Competitive Advantage:

Economies of scale

High levels of regulation → high barriers to entry in this industry

One of the largest trash management networks.

Strategy:

Roll-up strategy

Sustainable design strategies

113.25 USD

+0.040 (0.035%) ↑

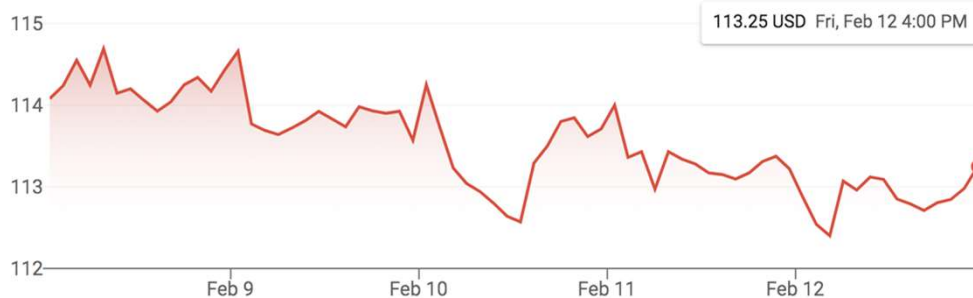
Closed: Feb 12, 4:15 PM EST · Disclaimer

After hours 113.25 0.00 (0.00%)

NYSE: WM

+ Follow

1 day | 5 days | 1 month | 6 months | ytd | 1 year | 5 years | max



MUSMIF

Holding Company Business Analysis

DELTA

Competitive Advantage:

Industry-leading regional monopolies

Cost advantage on jet fuel

Strong relations with important airports

Strategy:

Equity investments in foreign carriers and joint ventures

43.29 USD

+0.57 (1.33%) ↑

Closed: Feb 12, 7:59 PM EST · Disclaimer

After hours 43.45 +0.16 (0.37%)

NYSE: DAL

+ Follow

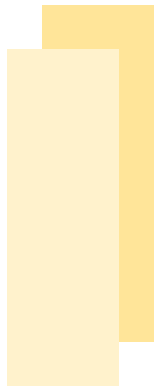
1 day | 5 days | 1 month | 6 months | ytd | 1 year | 5 years | max



MUSMIF



Q & A



Industrials Sector Analysis

MUSMIF

Works Cited

<https://seekingalpha.com/article/4241766-republic-services-finding-treasure-in-trash>

<https://www.investopedia.com/terms/b/businessmodel.asp#:~:text=A%20business%20model%20is%20a,model%20are%20pricing%20and%20costs.>

https://ereseach.fidelity.com/ereseach/markets_sectors/sectors/si_weighting_recommendations.jhtml?tab=sirecommendations

https://ereseach.fidelity.com/ereseach/markets_sectors/sectors/sectors_in_market.jhtml?tab=learn§or=20

<https://www.yardeni.com/pub/peacocksp500.pdf>

https://ereseach.fidelity.com/ereseach/markets_sectors/sectors/si_weighting_recommendations.jhtml?tab=sirecommendations

https://www.gurufocus.com/industry_overview.php?sector=Industrials

<http://www.oecd.org/coronavirus/policy-responses/covid-19-and-the-aviation-industry-impact-and-policy-responses-26d521c1/>

<https://www.wisdomjobs.com/e-university/security-analysis-and-investment-management-tutorial-356/industry-analysis-11446.html>