

Property Plant and Equipment

XBRL Elements: us-gaap:PropertyPlantAndEquipmentNet; us-gaap:RealEstateInvestmentPropertyNet; us-gaap:PublicUtilitiesPropertyPlantAndEquipmentNet; custom propertyplantandEquipmentAndfinanceleaserightofuseassetafter

As at June 15, 2020

Introduction

How much does physical assets matter anymore? 100 years ago, the S&P consisted of mines, lumber mills, railroads, cotton mills and manufacturers that owned hard assets that produced hard things. But where are we now?

We have 429 that had the element propertyPlantAndEquipmentNet, 29 that used RealEstateInvestmentPropertyNet, 6 with the term PublicUtilitiesPropertyPlantAndEquipmentNet, and 15 that created their own extension such as propertyplantandEquipmentAndfinanceleaserightofuseassetafter. That left 21 with no term. For some like Goldman Sachs, physical assets are so minor that any buildings or office furniture they own are classified as 'other assets'.

The top two companies are Exxon and Chevron, both in the integrated oil and gas subsector of the energy business. At 248 and 149 billion respectively, these two dominate over the S&P, with more PPE together than the bottom 297 companies combined.

So do just old style companies hold hard assets? Not at all, with Amazon and Google arriving at ninth and tenth. Amazon has over 77 billion in PPE, and Google has \$40 billion in Land and buildings with another \$21 billion under construction. You can understand Amazon, with its wide array of warehouses and distribution centres, and Google with a wide array of data centres and crazy projects. But even Facebook comes in at 26th, with 37 billion. Part of it is these assets were purchased recently, at recent book values without time to fully depreciate. But the other part is that these industries are really data intensive.

By sector, the energy sector comes in at the top, with \$863 billion, and financials at the bottom with a mere \$110 billion.

Sitting at the bottom of the S&P 500 is Arista Networks, with only \$37.8 million in Property, Plant and Equipment. However, this same company has 83.4 million in operating lease right of use assets. Here is a company that has chosen to lease, rather than own, over 68% of its hard assets. While these same assets have been in the company for a while, it wasn't until 2019 that companies were forced to put right of use assets onto the balance sheet under ASC842

<u>GICS Sector</u>	<u>Property Plant and Equipment</u>
Communication Services	511,827,278,000
Consumer Discretionary	458,950,489,000
Consumer Staples	303,909,333,000
Energy	841,859,123,000
Financials	112,364,529,000
Health Care	207,797,514,000
Industrials	505,319,384,000
Information Technology	267,465,055,000
Materials	218,702,840,000
Real Estate	376,849,121,000
Utilities	829,568,626,000
Grand Total	4,634,613,292,000