

ModernGraham Valuation

Company Name:

PPL Corp

Company Ticker

PPL

Date of Analysis

1/30/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$23,092,060,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.67	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-36.10%	Fail
6. Moderate PEmg Ratio	PEmg < 20	19.11	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.31	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.67	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-12.01	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.83
MG Growth Estimate	-2.75%
MG Value	\$5.49
MG Value based on 3% Growth	\$26.60
MG Value based on 0% Growth	\$15.59
Market Implied Growth Rate	5.30%

MG Opinion

Current Price	\$35.06
% of Intrinsic Value	638.85%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$38.64
Graham Number	\$16.34
PEmg	19.11
Current Ratio	0.67
PB Ratio	2.31
Dividend Yield	4.27%
Number of Consecutive Years of Dividend Growth	4

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.78	Next Fiscal Year Estimate	\$1.83
Dec2014	\$2.61	Dec2014	\$2.36
Dec2013	\$1.76	Dec2013	\$2.18
Dec2012	\$2.60	Dec2012	\$2.33
Dec2011	\$2.70	Dec2011	\$2.25
Dec2010	\$2.17	Dec2010	\$2.10
Dec2009	\$1.08	Dec2009	\$2.10
Dec2008	\$2.47	Dec2008	\$2.51
Dec2007	\$3.35	Dec2007	\$2.44
Dec2006	\$2.24	Dec2006	\$1.90
Dec2005	\$1.65	Dec2005	\$1.62
Dec2004	\$1.87	Dec2004	\$1.54
Dec2003	\$2.18	Dec2003	\$1.35
Dec2002	\$0.68	Dec2002	\$0.81
Dec2001	\$0.61	Dec2001	\$0.78
Dec2000	\$1.72	Dec2000	\$0.79
Dec1999	\$1.42	Dec1999	\$0.33
Dec1998	-\$1.73	<div><div>Balance Sheet Information</div><div>Sep2015</div></div>	
Dec1997	\$0.90	Total Current Assets	\$2,990,000,000
Dec1996	\$1.03	Total Current Liabilities	\$4,468,000,000
Dec1995	\$0.00	Long-Term Debt	\$17,745,000,000
		Total Assets	\$39,246,000,000
		Intangible Assets	\$4,285,000,000
		Total Liabilities	\$29,024,000,000
		Shares Outstanding (Diluted Average)	673,702,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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