

ModernGraham Valuation



Company Name:

WEC Energy Group Inc

Company Ticker WEC

Date of Analysis

6/28/2016

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	\$20,674,359,621	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.85	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	71.90%	Pass
6. Moderate PEmg Ratio	PEmg < 20	24.74	Fail
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	0.85	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-26.86	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.60
MG Growth Estimate	3.71%
MG Value	\$41.41
MG Value based on 3% Growth	\$37.70
MG Value based on 0% Growth	\$22.10
Market Implied Growth Rate	8.12%

MG Opinion

Current Price	\$64.32
% of Intrinsic Value	155.31%
Opinion	Overvalued
MG Grade	D

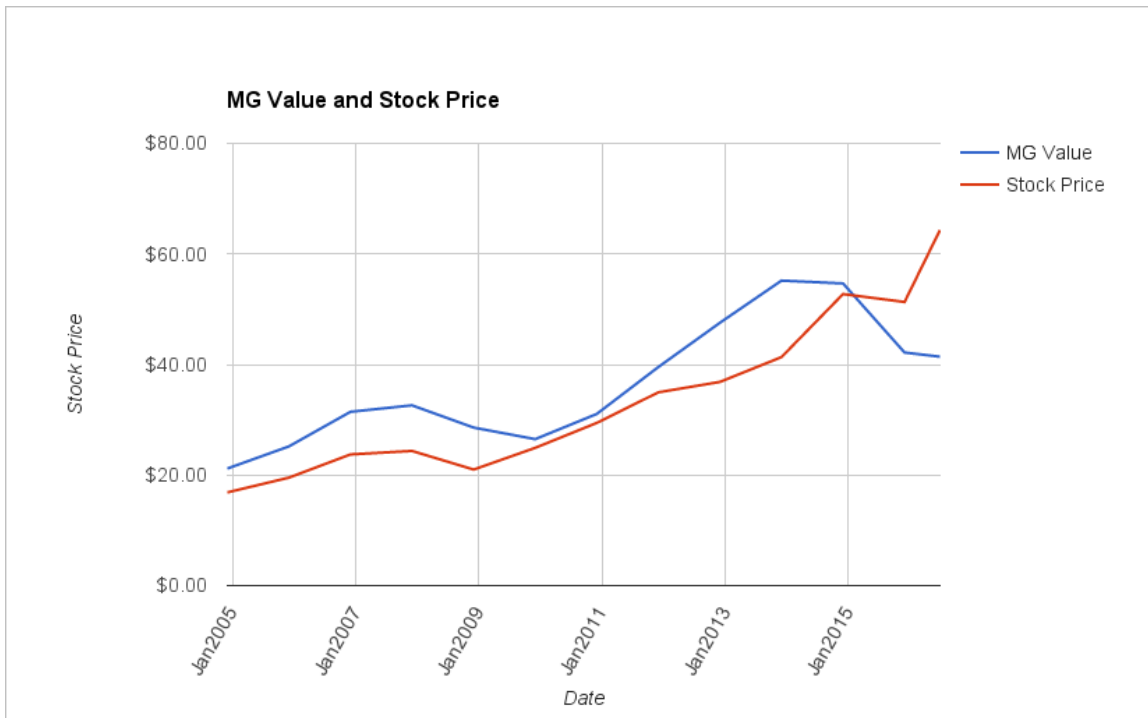
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$57.99
Graham Number	\$42.70
PEmg	24.74
Current Ratio	0.85
PB Ratio	2.31
Current Dividend	\$1.82
Dividend Yield	2.82%
Number of Consecutive Years of Dividend Growth	13

Useful Links:

[ModernGraham tagged articles](#) [Morningstar](#)
[Google Finance](#) [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.90	Next Fiscal Year Estimate	\$2.60
Dec2015	\$2.34	Dec2015	\$2.44
Dec2014	\$2.59	Dec2014	\$2.43
Dec2013	\$2.51	Dec2013	\$2.28
Dec2012	\$2.35	Dec2012	\$2.08
Dec2011	\$2.24	Dec2011	\$1.88
Dec2010	\$1.93	Dec2010	\$1.66
Dec2009	\$1.62	Dec2009	\$1.49
Dec2008	\$1.52	Dec2008	\$1.41
Dec2007	\$1.42	Dec2007	\$1.33
Dec2006	\$1.34	Dec2006	\$1.24
Dec2005	\$1.31	Dec2005	\$1.14
Dec2004	\$1.29	Dec2004	\$1.01
Dec2003	\$1.03	Dec2003	\$0.87
Dec2002	\$0.72	Dec2002	\$0.79
Dec2001	\$0.93	Dec2001	\$0.79
Dec2000	\$0.64	Dec2000	\$0.72
Dec1999	\$0.90	Balance Sheet Information 3/1/2016	
Dec1998	\$0.83	Total Current Assets	\$1,896,400,000
Dec1997	\$0.27	Total Current Liabilities	\$2,229,800,000
Dec1996	\$0.99	Long-Term Debt	\$8,955,800,000
		Total Assets	\$29,104,600,000
		Intangible Assets	\$2,999,100,000
		Total Liabilities	\$20,286,300,000
		Shares Outstanding (Diluted Average)	317,100,000





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.

Recommended Reading:

Other ModernGraham posts about the company

- [Wisconsin Energy Corporation Annual Valuation – 2015 \\$WEC](#)
- [16 Companies in the Spotlight this Week – 4/19/14](#)
- [Wisconsin Energy Corp \(WEC\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Southern Company Valuation – June 2016 \\$SO](#)
- [CMS Energy Corp Valuation – June 2016 \\$CMS](#)
- [Xcel Energy Inc Valuation – May 2016 \\$XEL](#)
- [PPL Corporation Valuation – January 2016 Update \\$PPL](#)
- [Entergy Corp Valuation – January 2016 Update \\$ETR](#)
- [PPL Corporation Valuation – January 2016 Update \\$PPL](#)
- [Entergy Corp Valuation – January 2016 Update \\$ETR](#)
- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [Pepco Holdings Inc Valuation – December 2015 Update \\$POM](#)