

ModernGraham Valuation

Company Name:

Company Ticker AEP

Date of Analysis

3/7/2017

American Electric
Power Company Inc



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	\$32,615,280,908	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.64	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	1.12%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	22.07	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.88	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	0.64	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.02	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.01
MG Growth Estimate	-0.16%
MG Value	\$24.64
MG Value based on 3% Growth	\$43.68
MG Value based on 0% Growth	\$25.61
Market Implied Growth Rate	6.79%

MG Opinion

Current Price	\$66.50
% of Intrinsic Value	269.91%
Opinion	Overvalued
MG Grade	D+

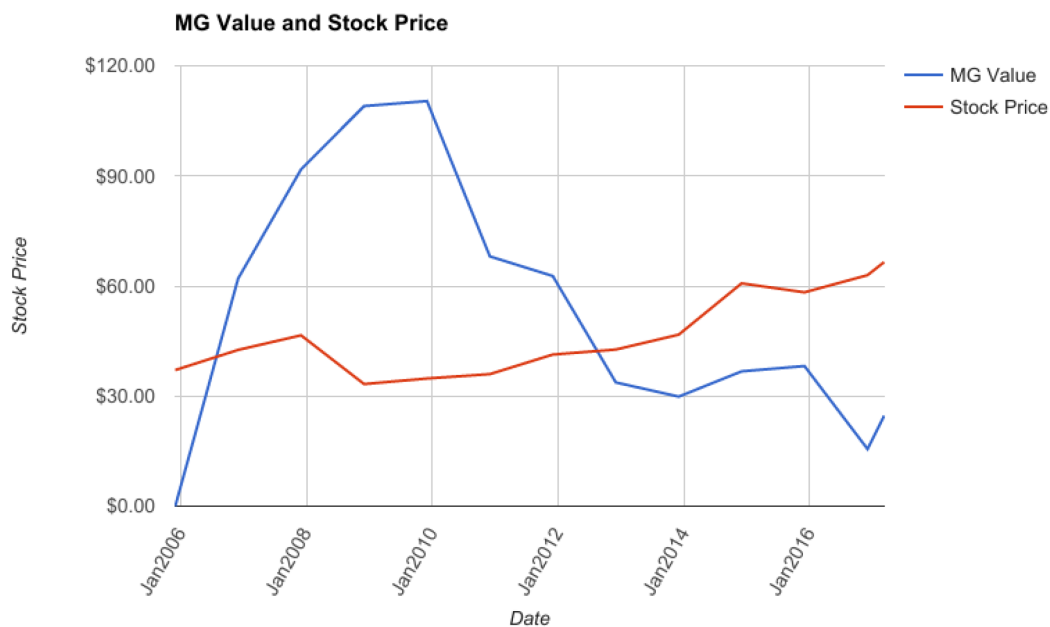
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$81.43
Graham Number	\$53.54
PEmg	22.07
Current Ratio	0.64
PB Ratio	1.88
Current Dividend	\$2.27
Dividend Yield	3.41%
Number of Consecutive Years of Dividend Growth	8

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	\$3.60	Next Fiscal Year Estimate	\$3.01
Dec2016	\$1.24	Dec2016	\$2.77
Dec2015	\$4.17	Dec2015	\$3.50
Dec2014	\$3.34	Dec2014	\$3.15
Dec2013	\$3.04	Dec2013	\$3.05
Dec2012	\$2.60	Dec2012	\$3.07
Dec2011	\$4.02	Dec2011	\$3.24
Dec2010	\$2.53	Dec2010	\$2.85
Dec2009	\$2.96	Dec2009	\$2.92
Dec2008	\$3.42	Dec2008	\$2.83
Dec2007	\$2.72	Dec2007	\$2.38
Dec2006	\$2.53	Dec2006	\$1.88
Dec2005	\$2.08	Dec2005	\$1.48
Dec2004	\$2.75	Dec2004	\$1.14
Dec2003	\$0.29	Dec2003	\$0.59
Dec2002	-\$1.57	Dec2002	\$1.04
Dec2001	\$3.01	Dec2001	\$2.39
Dec2000	\$0.83	Balance Sheet Information 12/1/2016	
Dec1999	\$3.03	Total Current Assets	\$6,033,900,000
Dec1998	\$2.81	Total Current Liabilities	\$9,498,000,000
Dec1997	\$2.70	Long-Term Debt	\$17,378,400,000
		Total Assets	\$63,467,700,000
		Intangible Assets	\$52,500,000
		Total Liabilities	\$46,070,700,000
		Shares Outstanding (Diluted Average)	491,662,000





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:

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company

[American Electric Power Co Valuation – November 2015 Update \\$AEP](#)
[22 Companies in the Spotlight This Week – 11/29/14](#)
[American Electric Power Company Inc. Annual Valuation – 2014 \\$AEP](#)
[ModernGraham Valuation: American Electric Power \(AEP\)](#)

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[Alliant Energy Corp Valuation – Initial Coverage \\$LNT](#)
[Consolidated Edison Inc Valuation – February 2017 \\$ED](#)
[Duke Energy Corp Valuation – February 2017 \\$DUK](#)
[Spire Inc Valuation – Initial Coverage \\$SR](#)
[Ameren Corp Valuation – February 2017 \\$AEE](#)
[Semptra Energy Valuation – February 2017 \\$SRE](#)
[Capital Power Corp Valuation – Initial Coverage \\$TSE:CPX](#)
[Superior Plus Corp Valuation – Initial Coverage \\$TSE:SPB](#)
[Energy Company of Minas Valuation – Initial Coverage \\$CIG](#)