ModernGraham Valuation

Company Name: WEC Energy Group Inc

Company Ticker WEC
Date of Analysis 3/18/2018

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	$19,705,750,269	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.57	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	72.88%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.68	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.09	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	0.57	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.28	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
	Score		

Suitability

Defensive	**Yes**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg		$3.17
MG Growth Estimate		4.59%
MG Value		**$56.13**
MG Value based on 3% Growth		$46.02
MG Value based on 0% Growth		$26.98
Market Implied Growth Rate		5.59%

MG Opinion

Current Price		$62.45
% of Intrinsic Value		111.25%
Opinion	**Overvalued**	
MG Grade	**B-**	

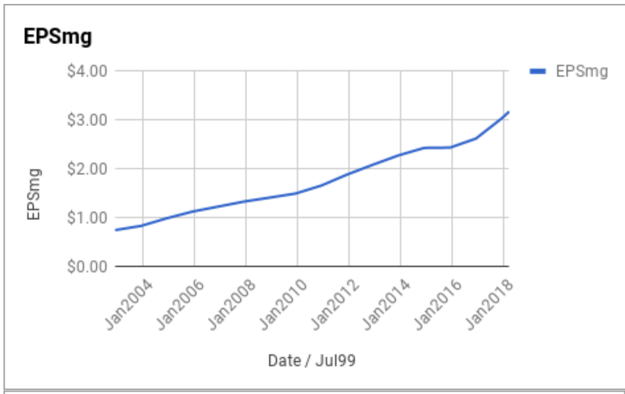
Stage 3: Information for Further Research

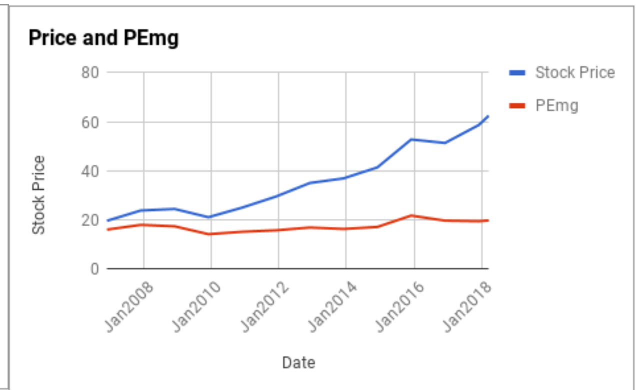
Net Current Asset Value (NCAV)	-$62.96
Graham Number	$46.90
PEmg	19.68
Current Ratio	0.57
PB Ratio	2.09
Current Dividend	$2.08
Dividend Yield	3.33%
Number of Consecutive Years of Dividend Growth	2

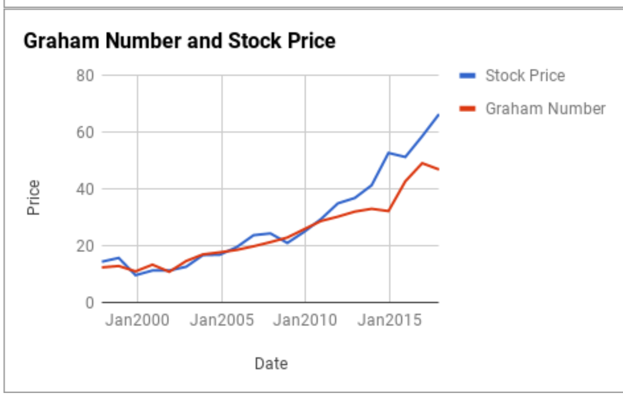
Useful Links:

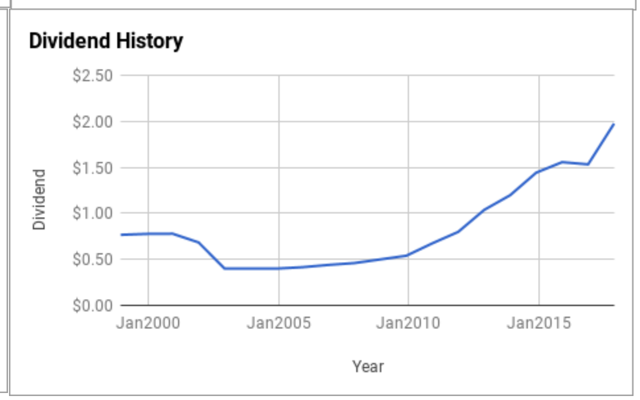
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	$3.26	Next Fiscal Year Estimate	$3.17
Dec2017	$3.79	Dec2017	$3.03
Dec2016	$2.96	Dec2016	$2.62
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	$1.23
Dec2005	$1.31	Dec2005	$1.12
Dec2004	$1.29	Dec2004	$0.99
Dec2003	$1.03	Dec2003	$0.83
Dec2002	$0.59	Dec2002	$0.74
Dec2001	$0.93	**Balance Sheet Information**	**12/1/2017**
Dec2000	$0.64	Total Current Assets	$2,213,500,000
Dec1999	$0.90	Total Current Liabilities	$3,869,300,000
Dec1998	$0.83	Long-Term Debt	$8,746,600,000
		Total Assets	$31,590,500,000
		Intangible Assets	$3,053,500,000
		Total Liabilities	$22,129,100,000
		Shares Outstanding (Diluted Average)	316,300,000









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	SCANA Corp Valuation – March 2018 $SCG Xcel Energy Inc Valuation – February 2018 $XEL Atmos Energy Corp Valuation – Initial Coverage $ATO PNM Resources Inc Valuation – Initial Coverage $PNM Public Service Enterprise Group Inc Valuation – July 2017 $PEG Eversource Energy Valuation – July 2017 $ES PPL Corp Valuation – June 2017 $PPL Entergy Corp Valuation – April 2017 $ETR California Water Service Group Valuation – Initial Coverage $CWT TransAlta Corporation – Initial Coverage $TSE:TA