

ModernGraham Valuation

WEC Energy Group
Inc



Company Name:

Company Ticker WEC

Date of Analysis

1/17/2019

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	\$22,291,919,446	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.51	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	73.58%	Pass
6. Moderate PEmg Ratio	PEmg < 20	22.17	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.27	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	0.51	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.17	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.19
MG Growth Estimate	4.67%
MG Value	\$56.89
MG Value based on 3% Growth	\$46.22
MG Value based on 0% Growth	\$27.09
Market Implied Growth Rate	6.83%

MG Opinion

Current Price	\$70.65
% of Intrinsic Value	124.18%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$65.89
Graham Number	\$47.26
PEmg	22.17
Current Ratio	0.51
PB Ratio	2.27
Current Dividend	\$2.08
Dividend Yield	2.94%
Number of Consecutive Years of Dividend Growth	2

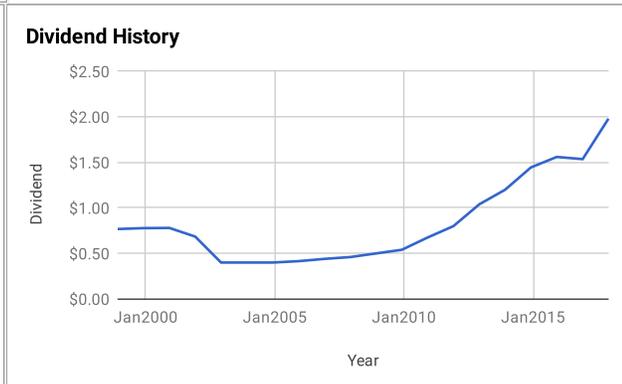
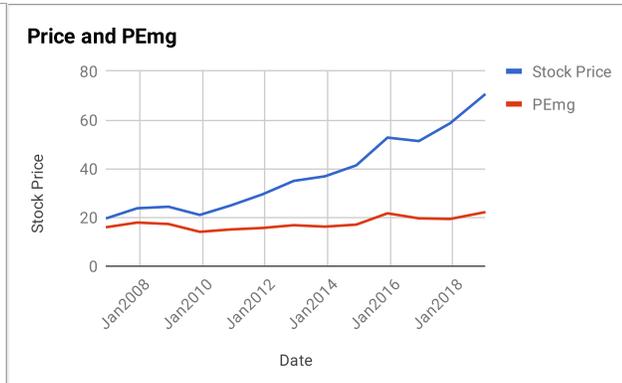
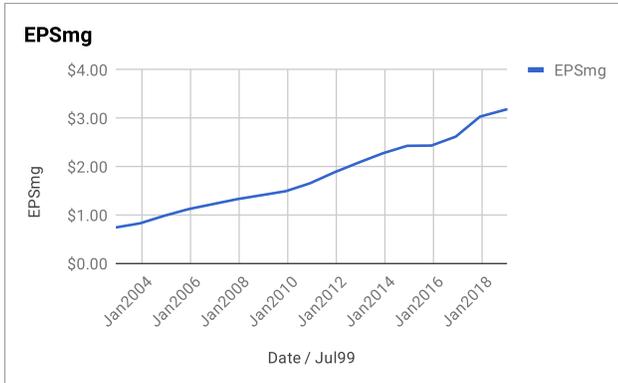
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.30	Next Fiscal Year Estimate	\$3.19
Dec2017	\$3.79	Dec2017	\$3.03
Dec2016	\$2.96	Dec2016	\$2.62
Dec2015	\$2.34	Dec2015	\$2.44
Dec2014	\$2.59	Dec2014	\$2.43
Dec2013	\$2.51	Dec2013	\$2.28
Dec2012	\$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 9/1/2018	
Dec2000	\$0.64	Total Current Assets	\$1,839,700,000
Dec1999	\$0.90	Total Current Liabilities	\$3,602,500,000
Dec1998	\$0.83	Long-Term Debt	\$9,119,000,000
		Total Assets	\$32,562,400,000
		Intangible Assets	\$3,052,800,000
		Total Liabilities	\$22,719,700,000
		Shares Outstanding (Diluted Average)	316,900,000





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**
- [WEC Energy Group Inc Valuation – March 2018 \\$WEC](#)
 - [WEC Energy Group Inc Valuation – June 2016 \\$WEC](#)
 - [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**
- [CMS Energy Corp Valuation – January 2019 \\$CMS](#)
 - [Xcel Energy Inc Valuation – December 2018 \\$XEL](#)
 - [California Water Service Group Valuation – October 2018 \\$CWT](#)
 - [Canadian Utilities Ltd Valuation – September 2018 \\$TSE:CU](#)
 - [Spire Inc Valuation – August 2018 \\$SR](#)
 - [Capital Power Corp Valuation – August 2018 \\$TSE-CPX](#)
 - [Superior Plus Corp Valuation – August 2018 \\$TSX-SPB](#)
 - [Just Energy Group Inc Valuation – August 2018 \\$TSE:JE](#)
 - [South Jersey Industries Inc Valuation – July 2018 \\$SJL](#)
 - [Innervex Renewable Energy Inc Valuation – July 2018 \\$TSE:INE](#)