

ModernGraham Valuation

American Electric
Power Company Inc



Company Name:

Company Ticker AEP

Date of Analysis

3/21/2019

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	\$41,574,312,037	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.48	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	29.07%	Fail
5. Earnings Growth	PEmg < 20	23.39	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.19	Pass
7. Moderate Price to Assets			

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	0.48	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-4.77	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	\$3.60
MG Growth Estimate	0.43%
MG Value	\$33.69
MG Value based on 3% Growth	\$52.24
MG Value based on 0% Growth	\$30.62
Market Implied Growth Rate	7.45%

MG Opinion

Current Price	\$84.28
% of Intrinsic Value	250.18%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

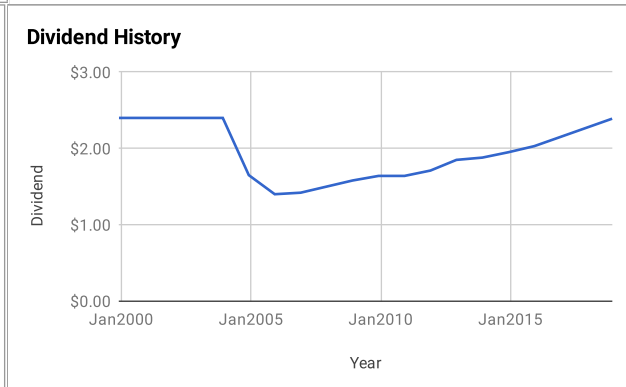
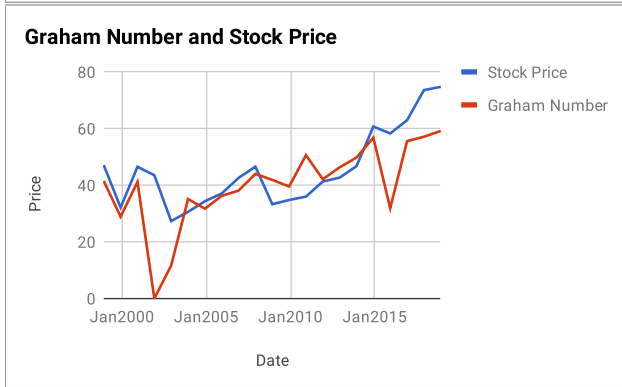
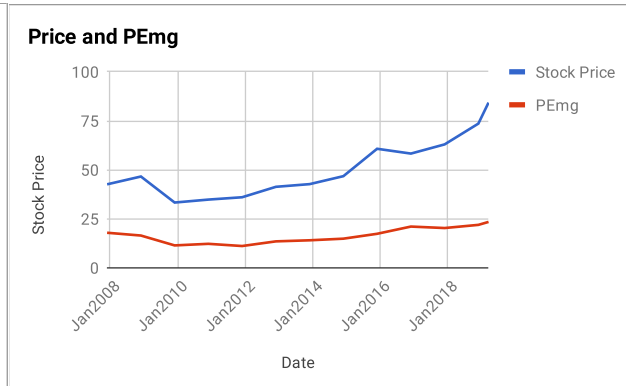
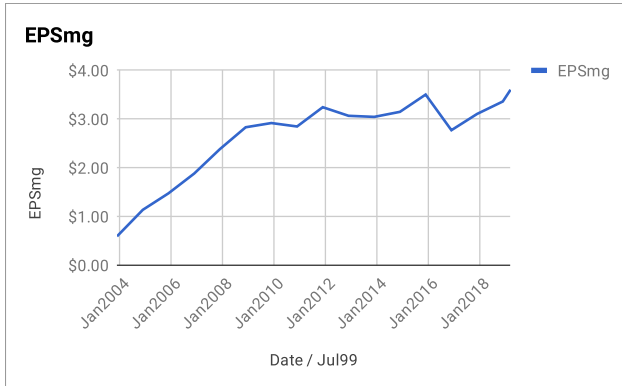
Net Current Asset Value (NCAV)	-\$92.28
Graham Number	\$59.15
PEmg	23.39
Current Ratio	0.48
PB Ratio	2.19
Current Dividend	\$2.53
Dividend Yield	3.00%
Number of Consecutive Years of Dividend Growth	9

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	\$4.03	Next Fiscal Year Estimate	\$3.60
Dec2018	\$3.90	Dec2018	\$3.36
Dec2017	\$3.88	Dec2017	\$3.11
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	Balance Sheet Information 12/1/2018	
Dec2001	\$3.01	Total Current Assets	\$4,113,900,000
Dec2000	\$0.83	Total Current Liabilities	\$8,648,800,000
Dec1999	\$3.03	Long-Term Debt	\$21,648,200,000
		Total Assets	\$68,802,800,000
		Intangible Assets	\$52,500,000
		Total Liabilities	\$49,743,400,000
		Shares Outstanding (Diluted Average)	494,452,000





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**
- [American Electric Power Co Valuation – June 2018 \\$AEP](#)
 - [American Electric Power Company Inc Valuation – March 2017 \\$AEP](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [American Water Works Co Inc Valuation – March 2019 #AWK](#)
 - [Alliant Energy Corp Valuation – March 2019 #LNT](#)
 - [Consolidated Edison Inc Valuation – March 2019 #ED](#)
 - [Duke Energy Corp Valuation – March 2019 #DUK](#)
 - [Semptra Energy Valuation – March 2019 #SRE](#)
 - [Ameren Corp Valuation – March 2019 #AEE](#)
 - [NextEra Energy Inc Valuation – February 2019 \\$NEE](#)
 - [Dominion Energy Inc Valuation – February 2019 \\$D](#)
 - [Exelon Corp Valuation – January 2019 \\$EXC](#)
 - [NRG Energy Inc Valuation – January 2019 \\$NRG](#)