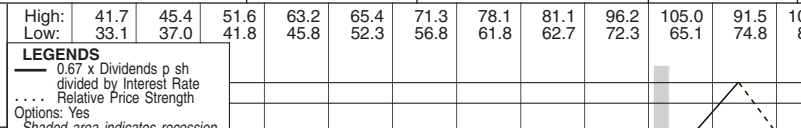


# AMERICAN ELEC. PWR. NDQ-AEP

RECENT PRICE **103.57** P/E RATIO **19.9** (Trailing: 19.8 Median: 17.0) RELATIVE P/E RATIO **1.19** DIV'D YLD **3.2%** VALUE LINE

**TIMELINESS** 3 Raised 4/1/22  
**SAFETY** 1 Raised 3/17/17  
**TECHNICAL** 3 Lowered 6/10/22  
**BETA** .75 (1.00 = Market)

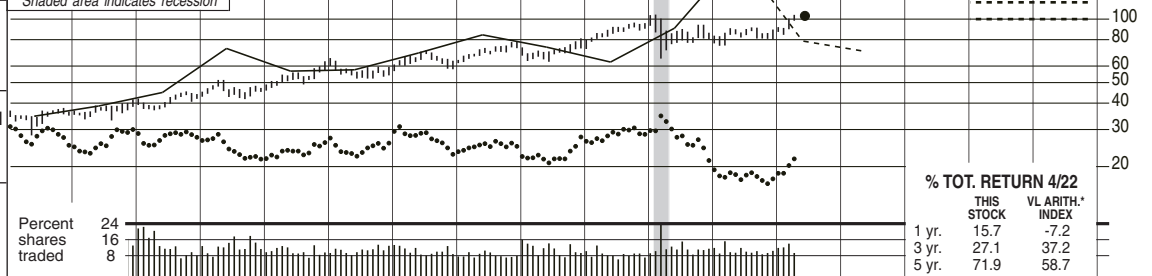


High: 41.7, 45.4, 51.6, 63.2, 65.4, 71.3, 78.1, 81.1, 96.2, 105.0, 91.5, 104.8  
 Low: 33.1, 37.0, 41.8, 45.8, 52.3, 56.8, 61.8, 62.7, 72.3, 65.1, 74.8, 84.2

**18-Month Target Price Range**  
 Low-High Midpoint (% to Mid)  
 \$83-\$115 \$99 (-5%)

**2025-27 PROJECTIONS**  
 High Price Gain Ann'l Total  
 Low 120 (+15%) Return  
 100 (-5%) 7%  
 3%

**Institutional Decisions**  
 3Q2021 4Q2021 1Q2022  
 to Buy 561 636 673  
 to Sell 433 473 475  
 Hlds(000) 373255 373909 382433



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
31.82	33.41	35.56	28.22	30.01	31.27	30.77	31.48	34.78	33.51	33.31	31.35	32.84	31.49	30.04	33.30	35.20	35.95	Revenues per sh	38.50
6.67	6.80	6.84	6.32	6.29	6.83	6.92	7.02	7.57	7.98	8.47	7.95	8.77	9.35	10.28	10.98	11.50	11.95	"Cash Flow" per sh	14.00
2.86	2.86	2.99	2.97	2.60	3.13	2.98	3.18	3.34	3.59	4.23	3.62	3.90	4.08	4.42	4.96	5.20	5.35	Earnings per sh A	6.50
1.50	1.58	1.64	1.64	1.71	1.85	1.88	1.95	2.03	2.15	2.27	2.39	2.53	2.71	2.84	3.00	3.17	3.35	Div'd Decl'd per sh B = †	4.00
8.89	8.88	9.83	6.19	5.07	5.74	6.45	7.75	8.68	9.37	9.98	11.79	12.89	12.43	12.72	11.43	15.35	14.15	Cap'l Spending per sh	14.00
23.73	25.17	26.33	27.49	28.33	30.33	31.37	32.98	34.37	36.44	35.38	37.17	38.58	39.73	41.38	44.49	47.30	50.30	Book Value per sh C	59.00
396.67	400.43	406.07	478.05	480.81	483.42	485.67	487.78	489.40	491.05	491.71	492.01	493.25	494.17	496.60	504.21	514.00	523.00	Common Shs Outst'g D	545.00
12.9	16.3	13.1	10.0	13.4	11.9	13.8	14.5	15.9	15.8	15.2	19.3	18.0	21.4	19.6	17.1	17.0	17.1	Avg Ann'l P/E Ratio	17.0
.70	.87	.79	.67	.85	.75	.88	.81	.84	.80	.80	.97	.97	1.14	1.01	.93	1.01	1.01	Relative P/E Ratio	.95
4.1%	3.4%	4.2%	5.5%	4.9%	5.0%	4.6%	4.2%	3.8%	3.8%	3.5%	3.4%	3.6%	3.1%	3.3%	3.5%	3.5%	3.5%	Avg Ann'l Div'd Yield	3.6%

**CAPITAL STRUCTURE as of 3/31/22**  
 Total Debt \$37244 mill. Due in 5 Yrs \$12886 mill.  
 LT Debt \$30856 mill. LT Interest \$1067 mill.  
 Incl. \$603.5 mill. securitized bonds. Incl. \$500.7 mill. finance leases.  
 (LT interest earned: 3.2x)  
 Leases, uncapitalized Annual rentals \$119.6 mill.  
 Pension Assets-12/21 \$3532.9 mill.  
 Oblig \$5187.0 mill.  
 Pfd Stock None  
 Common Stock 513,544,176 shs. as of 4/28/22  
 MARKET CAP: \$53 billion (Large Cap)

14945	15357	17020	16453	16380	15425	16196	15561	14919	16792	18100	18800	Revenues (\$mill)	21000
1443.0	1549.0	1634.0	1763.4	2073.6	1783.2	1923.8	2019.0	2200.1	2488.1	2670	2790	Net Profit (\$mill)	3565
33.9%	36.2%	37.8%	35.1%	26.8%	33.7%	5.8%	7.9%	1.9%	4.6%	7.0%	7.0%	Income Tax Rate	7.0%
11.2%	7.3%	9.0%	11.0%	8.0%	8.0%	10.7%	12.7%	9.7%	7.8%	7.0%	7.0%	AFUDC % to Net Profit	5.0%
50.6%	51.1%	49.0%	49.8%	50.0%	51.5%	53.2%	56.1%	58.5%	58.3%	58.0%	58.0%	Long-Term Debt Ratio	57.5%
49.4%	48.9%	51.0%	50.2%	50.0%	48.5%	46.8%	43.9%	41.5%	41.7%	42.0%	42.0%	Common Equity Ratio	42.5%
30823	32913	33001	35633	34775	37707	40677	44759	49537	53734	57775	62950	Total Capital (\$mill)	75900
38763	40997	44117	46133	45639	50262	55099	60138	63902	66001	70650	74600	Net Plant (\$mill)	87300
6.1%	6.0%	6.3%	6.1%	7.2%	5.9%	5.9%	5.6%	5.6%	5.6%	5.5%	5.5%	Return on Total Cap'l	5.5%
9.5%	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	11.1%	11.0%	10.5%	Return on Shr. Equity	11.0%
9.5%	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	11.1%	11.0%	10.5%	Return on Com Equity E	11.0%
3.5%	3.7%	3.8%	3.9%	5.5%	3.2%	3.5%	3.4%	3.8%	4.3%	4.5%	4.0%	Retained to Com Eq	4.5%
63%	62%	61%	60%	54%	67%	65%	67%	65%	61%	63%	64%	All Div'ds to Net Prof	62%

**ELECTRIC OPERATING STATISTICS**

	2019	2020	2021
% Change Retail Sales (KWH)	-2.2	-	+3.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+3	+1.0	NA

Fixed Charge Cov. (%) 234 243 272

**ANNUAL RATES** Past Past Est'd '19-'21  
 of change (per sh) 10 Yrs. 5 Yrs. to '25-'27

Revenues	5%	-1.5%	3.5%
"Cash Flow"	4.5%	5.0%	5.5%
Earnings	4.5%	4.0%	6.5%
Dividends	5.0%	6.0%	6.0%
Book Value	4.0%	3.5%	6.0%

**BUSINESS:** American Electric Power Company Inc. (AEP), through 10 operating utilities, serves 5.5 million customers in Arkansas, Kentucky, Indiana, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, & West Virginia. Has a transmission subsidiary. Electric revenue breakdown: residential, 43%; commercial, 23%; industrial, 18%; wholesale, 10%; other, 6%. Sold commercial

Some industrial customers in its service area have expansions that are expected to come on later this year, despite the state of the national economy. **Some regulatory matters are pending or were concluded.** The SWEPCO subsidiary was granted \$28 million in Arkansas, based on a 9.5% return on equity and a 45% common-equity ratio. New tariffs will take effect on July 1st. In Louisiana, the utility requested \$73 million, based on a 10.35% ROE and a 50.8% common-equity ratio. (This is net of increases in depreciation and amortization.) In Virginia, Appalachian Power is appealing an unfavorable rate order to the state Supreme Court. A decision is expected later in 2022. Note that the company has already received rate increases in Texas and Indiana this year. **The dividend yield of this top-quality stock is at the utility average.** Total return potential is unspectacular for the next 18 months and the 3- to 5-year period. The recent quotation is within our 2025-2027 Target Price Range. The stock price has risen 16% year to date.

**QUARTERLY REVENUES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	4056	3573	4315	3616	15561
2020	3747	3494	4066	3610	14918
2021	4281	3826	4623	4061	16792
2022	4593	4107	4950	4450	18100
2023	4800	4300	5150	4550	18800

**EARNINGS PER SHARE A**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	1.16	.93	1.48	.51	4.08
2020	1.00	1.05	1.50	.87	4.42
2021	1.15	1.15	1.59	1.07	4.96
2022	1.41	1.15	1.64	1.00	5.20
2023	1.30	1.25	1.75	1.05	5.35

**QUARTERLY DIVIDENDS PAID B = †**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.62	.62	.62	.67	2.53
2019	.67	.67	.67	.70	2.71
2020	.70	.70	.70	.74	2.84
2021	.74	.74	.74	.78	3.00
2022	.78	.78			

**American Electric Power should soon complete an asset sale, and the company is interested in divesting other assets.** AEP expects to raise \$1.45 billion from the sale of its Kentucky Power subsidiary, which has not been earning an adequate return on equity. This is expected to be completed by the end of this month. The company also wants to sell its 1,600-megawatt portfolio of nonregulated renewable-energy projects, either piecemeal or as a whole. We will include any gains on these sales in our earnings presentation. AEP plans to expand its investments in regulated renewable-energy projects, which have less risk than non-utility assets, and electric transmission. **We expect respectable earnings growth in 2022 and 2023.** We raised our estimate for this year by \$0.20 a share, to \$5.20, thanks to a \$0.20 mark-to-market credit that AEP booked in the first quarter. Our revised estimate is within management's guidance (on a GAAP basis) of \$5.06-\$5.26 a share. Otherwise, the company should continue to benefit from rate relief, increased investment in its transmission business, and volume growth.

Some industrial customers in its service area have expansions that are expected to come on later this year, despite the state of the national economy. **Some regulatory matters are pending or were concluded.** The SWEPCO subsidiary was granted \$28 million in Arkansas, based on a 9.5% return on equity and a 45% common-equity ratio. New tariffs will take effect on July 1st. In Louisiana, the utility requested \$73 million, based on a 10.35% ROE and a 50.8% common-equity ratio. (This is net of increases in depreciation and amortization.) In Virginia, Appalachian Power is appealing an unfavorable rate order to the state Supreme Court. A decision is expected later in 2022. Note that the company has already received rate increases in Texas and Indiana this year. **The dividend yield of this top-quality stock is at the utility average.** Total return potential is unspectacular for the next 18 months and the 3- to 5-year period. The recent quotation is within our 2025-2027 Target Price Range. The stock price has risen 16% year to date.

(A) Diluted EPS. Excl. nonrec. gains (losses): '06, (20c); '07, (20c); '08, 40c; '10, (7c); '11, 89c; '12, (38c); '13, (14c); '16, (\$2.99); '17, 26c; '19, (20c); gains (loss) from disc. ops.: '06, 2c; '08, 3c; '15, 58c; '16, (1c). Next earnings report due late July. (B) Div'ds paid early Mar., June, Sept., & Dec. † Div'd reinvestment plan avail. † Shareholder invest. plan avail. (C) Incl. intang. In '21: \$17.04/sh. (D) In mill. (E) Rate base: various. Rates allowed on com. eq.: 9.3%-10.9%; earned on avg. com. eq., '21: 11.6%. Regulatory Climate: Average.

**Company's Financial Strength** A+  
**Stock's Price Stability** 100  
**Price Growth Persistence** 60  
**Earnings Predictability** 95

To subscribe call 1-800-VALUELINE

June 10, 2022

Paul E. Debbas, CFA