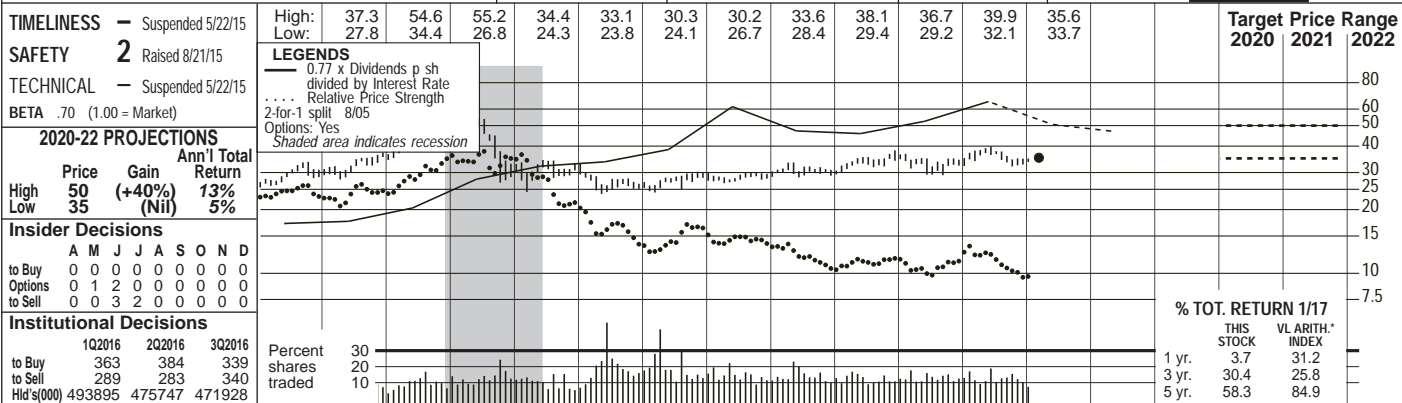


# PPL CORPORATION NYSE-PPL

RECENT PRICE **35.24** P/E RATIO **14.8** (Trailing: 12.6; Median: 14.0) RELATIVE P/E RATIO **0.76** DIV'D YLD **4.5%** VALUE LINE



| 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017          | 2018          | © VALUE LINE PUB. LLC            | 20-22         |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|----------------------------------|---------------|
| 19.53  | 16.38  | 15.75  | 15.37  | 16.36  | 17.92  | 17.41  | 21.47  | 20.03  | 17.63  | 22.02  | 21.11  | 18.82  | 17.27  | 11.38  | 11.06  | <b>9.85</b>   | <b>10.00</b>  | Revenues per sh                  | <b>10.50</b>  |
| 3.51   | 3.20   | 3.60   | 3.59   | 3.84   | 4.26   | 5.10   | 4.71   | 3.47   | 3.66   | 4.59   | 4.84   | 4.64   | 4.58   | 3.78   | 3.75   | <b>3.75</b>   | <b>3.90</b>   | "Cash Flow" per sh               | <b>4.50</b>   |
| 1.79   | 1.54   | 1.84   | 1.87   | 1.92   | 2.29   | 2.63   | 2.45   | 1.19   | 2.29   | 2.61   | 2.61   | 2.38   | 2.38   | 2.37   | 2.79   | <b>2.20</b>   | <b>2.30</b>   | Earnings per sh <sup>A</sup>     | <b>2.75</b>   |
| .53    | .72    | .77    | .82    | .96    | 1.10   | 1.22   | 1.34   | 1.38   | 1.40   | 1.40   | 1.44   | 1.47   | 1.49   | 1.50   | 1.52   | <b>1.58</b>   | <b>1.64</b>   | Div'd Decl'd per sh <sup>B</sup> | <b>1.82</b>   |
| 2.99   | 2.74   | 2.17   | 1.94   | 2.13   | 3.62   | 4.51   | 3.79   | 3.25   | 3.30   | 4.30   | 5.34   | 6.68   | 6.14   | 5.24   | 4.30   | <b>4.95</b>   | <b>4.95</b>   | Cap'l Spending per sh            | <b>3.75</b>   |
| 6.33   | 6.71   | 9.19   | 11.21  | 11.62  | 13.30  | 14.88  | 13.55  | 14.57  | 16.98  | 18.72  | 18.01  | 19.78  | 20.47  | 14.72  | 14.56  | <b>15.45</b>  | <b>16.40</b>  | Book Value per sh <sup>C</sup>   | <b>19.75</b>  |
| 293.16 | 331.47 | 354.72 | 378.14 | 380.15 | 385.04 | 373.27 | 374.58 | 377.18 | 483.39 | 578.41 | 581.94 | 630.32 | 665.85 | 673.86 | 679.73 | <b>690.00</b> | <b>700.00</b> | Common Shs Outst'g <sup>D</sup>  | <b>730.00</b> |
| 12.4   | 11.1   | 10.6   | 12.5   | 15.1   | 14.1   | 17.3   | 17.6   | 25.7   | 11.9   | 10.5   | 10.9   | 12.8   | 14.1   | 13.9   | 12.8   | <b>12.8</b>   | <b>12.8</b>   | Avg Ann'l P/E Ratio              | <b>15.0</b>   |
| .64    | .61    | .60    | .66    | .80    | .76    | .92    | 1.06   | 1.71   | .76    | .66    | .69    | .72    | .74    | .70    | .67    | <b>.67</b>    | <b>.67</b>    | Relative P/E Ratio               | <b>.95</b>    |
| 2.4%   | 4.2%   | 4.0%   | 3.5%   | 3.3%   | 3.4%   | 2.7%   | 3.1%   | 4.5%   | 5.1%   | 5.1%   | 5.1%   | 4.8%   | 4.4%   | 4.5%   | 4.2%   | <b>4.5%</b>   | <b>4.2%</b>   | Avg Ann'l Div'd Yield            | <b>4.4%</b>   |

| CAPITAL STRUCTURE as of 9/30/16  |   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010        | 2011         | 2012                  | 2013                              | 2014         | 2015 | 2016 | 2017 | 2018 |
|--|---|--|--------|--------|--------|--------|--------|--------|--------|--------|-------------|--------------|-----------------------|-----------------------------------|--------------|------|------|------|------|
| Total Debt   | \$19148 mill. Due in 5 Yrs \$3104 mill. | 6498.0   | 8044.0 | 7556.0 | 8521.0 | 12737  | 12286  | 11860  | 11499  | 7669.0 | 7517.0      | <b>6800</b>  | <b>7000</b>           | Revenues (\$mill)                 | <b>7600</b>  |      |      |      |      |
| LT Debt  | \$18069 mill. LT Interest \$741 mill.   | 1031.0   | 940.0  | 465.0  | 1009.0 | 1456.0 | 1536.0 | 1541.0 | 1583.0 | 1603.0 | 1902.0      | <b>1510</b>  | <b>1625</b>           | Net Profit (\$mill)               | <b>2015</b>  |      |      |      |      |
| Incl. 23 mill. units 7.75%, \$25 liq. value; 82,000 units 8.23%, \$1000 face value. (LT interest earned: 3.7x) |   | 20.7%  | 31.8%  | 21.8%  | 22.0%  | 31.0%  | 26.2%  | 23.1%  | 33.0%  | 22.5%  | 25.4%       | <b>27.0%</b> | <b>30.0%</b>          | Income Tax Rate                   | <b>30.0%</b> |      |      |      |      |
| Leases, Uncapitalized Annual rentals \$33 mill. Pension Assets-12/15 \$10852 mill. Oblig \$12267 mill.         |   | --   | --     | 1.1%   | 9.5%   | 4.0%   | 4.1%   | 3.7%   | 2.8%   | 1.6%   | <b>1.0%</b> | <b>2.0%</b>  | AFUDC % to Net Profit | <b>1.0%</b>                       |              |      |      |      |      |
| Pfd Stock None   |   | 54.1%  | 57.1%  | 55.2%  | 59.0%  | 61.9%  | 64.1%  | 62.3%  | 58.0%  | 65.2%  | 64.3%       | <b>63.5%</b> | <b>63.0%</b>          | Long-Term Debt Ratio              | <b>58.0%</b> |      |      |      |      |
| Common Stock 679,627,323 shs. as of 10/26/16   |   | 43.6%  | 40.5%  | 42.5%  | 39.8%  | 37.2%  | 35.9%  | 37.7%  | 42.0%  | 34.8%  | 35.7%       | <b>36.5%</b> | <b>37.0%</b>          | Common Equity Ratio               | <b>42.0%</b> |      |      |      |      |
| MARKET CAP: \$24 billion (Large Cap)   |   | 12747  | 12529  | 12940  | 20621  | 29071  | 29205  | 33058  | 32484  | 28482  | 27707       | <b>29325</b> | <b>31025</b>          | Total Capital (\$mill)            | <b>34300</b> |      |      |      |      |
| ELECTRIC OPERATING STATISTICS  |   | 12605  | 12416  | 13174  | 20858  | 27266  | 30032  | 33087  | 34597  | 30382  | 30074       | <b>32450</b> | <b>34800</b>          | Net Plant (\$mill)                | <b>40000</b> |      |      |      |      |
| % Change Retail Sales (KWH)  | 2013 +1.2, 2014 -1.1, 2015 -.5          | 9.8%   | 9.2%   | 5.2%   | 6.1%   | 6.5%   | 7.0%   | 6.2%   | 6.5%   | 7.1%   | <b>8.5%</b> | <b>6.5%</b>  | Return on Total Cap'l | <b>7.5%</b>                       |              |      |      |      |      |
| Avg. Indust. Use (MWH)   | NA, NA, NA                              | 17.6%  | 17.5%  | 8.0%   | 11.9%  | 13.1%  | 14.7%  | 12.4%  | 11.6%  | 16.2%  | 19.2%       | <b>14.0%</b> | <b>14.0%</b>          | Return on Shr. Equity             | <b>14.0%</b> |      |      |      |      |
| Avg. Indust. Revs. per KWH (¢)   | NA, NA, NA                              | 18.2%  | 18.2%  | 8.1%   | 12.0%  | 13.3%  | 14.6%  | 12.4%  | 11.6%  | 16.2%  | 19.2%       | <b>14.0%</b> | <b>14.0%</b>          | Return on Com Equity <sup>E</sup> | <b>14.0%</b> |      |      |      |      |
| Capacity at Peak (Mw)  | NA, NA, NA                              | 10.0%  | 8.5%   | NMF    | 5.2%   | 6.4%   | 6.7%   | 5.3%   | 4.5%   | 6.0%   | 8.8%        | <b>4.0%</b>  | <b>4.0%</b>           | Retained to Com Eq                | <b>5.0%</b>  |      |      |      |      |
| Peak Load, Winter (Mw)   | NA, NA, NA                              | 46%  | 54%    | 115%   | 58%    | 52%    | 54%    | 57%    | 61%    | 63%    | 54%         | <b>72%</b>   | <b>70%</b>            | All Div'ds to Net Prof            | <b>66%</b>   |      |      |      |      |
| Annual Load Factor (%)   | NA, NA, NA                              | <p><b>BUSINESS:</b> PPL Corporation (formerly PP&amp;L Resources, Inc.) is a holding company for PPL Electric Utilities (formerly Pennsylvania Power &amp; Light Company), which distributes electricity to 1.4 million customers in eastern &amp; central PA. Acq'd Kentucky Utilities and Louisville Gas and Electric (1.2 million customers) 11/10. Has electric distribution sub. in U.K. (7.8 million customers). Sold gas distribution subsidiary in '08. Spun off power generating subsidiary in '15. The company no longer breaks out data on electric operating statistics. Fuel costs: 22% of revs. '15 reported deprec. rate: 2.6%. Has 12,800 employees. Chairman, President &amp; CEO: William H. Spence, Inc.: PA. Address: Two North Ninth St., Allentown, PA 18101-1179. Tel.: 800-345-3085. Internet: www.pplweb.com.</p> |        |        |        |        |        |        |        |        |             |              |                       |                                   |              |      |      |      |      |

**PPL Corporation's earnings will probably decline this year.** The company has exposure to the British pound through its ownership of electric utilities in the United Kingdom. A negative factor will be the absence of a settlement of currency contracts in 2016, which boosted the bottom line by \$0.30 a share. In addition, the hedged exchange rate for 2017 will be lower than it was last year. (Note that PPL has hedged the exchange rate to as low as \$0.90/£ through 2019.) Some tax benefits booked in 2016 are not expected to recur. And average shares outstanding will be higher, as PPL plans to issue about \$350 million of common equity annually through 2020 to finance its increased capital budget. Our 2017 earnings estimate is within PPL's targeted range of \$2.05-\$2.25 a share. Despite the expectation of lower earnings...

| ANNUAL RATES | Past 10 Yrs. | Past 5 Yrs. | Est'd '13-'15 |
|--------------|--------------|-------------|---------------|
| Revenues     | --           | -4.5%       | NMF           |
| "Cash Flow"  | 1.5%         | 2.0%        | NMF           |
| Earnings     | 2.5%         | 4.0%        | NMF           |
| Dividends    | 5.5%         | 1.5%        | 3.0%          |
| Book Value   | 5.5%         | 4.0%        | NMF           |

| Cal-endar | QUARTERLY REVENUES (\$ mill.) |             |             |             | Full Year   |
|-----------|-------------------------------|-------------|-------------|-------------|-------------|
|           | Mar.31                        | Jun.30      | Sep.30      | Dec.31      |             |
| 2014      | 1194                          | 2833        | 3449        | 4023        | 11499       |
| 2015      | 2230                          | 1781        | 1878        | 1780        | 7669        |
| 2016      | 2011                          | 1785        | 1889        | 1832        | 7517        |
| 2017      | <b>1900</b>                   | <b>1600</b> | <b>1700</b> | <b>1600</b> | <b>6800</b> |
| 2018      | <b>1950</b>                   | <b>1650</b> | <b>1750</b> | <b>1650</b> | <b>7000</b> |

| Cal-endar | EARNINGS PER SHARE <sup>A</sup> |            |            |            | Full Year   |
|-----------|---------------------------------|------------|------------|------------|-------------|
|           | Mar.31                          | Jun.30     | Sep.30     | Dec.31     |             |
| 2014      | .50                             | .32        | .73        | .82        | 2.38        |
| 2015      | .82                             | .37        | .59        | .60        | 2.37        |
| 2016      | .71                             | .71        | .69        | .68        | 2.79        |
| 2017      | <b>.70</b>                      | <b>.45</b> | <b>.55</b> | <b>.50</b> | <b>2.20</b> |
| 2018      | <b>.70</b>                      | <b>.50</b> | <b>.55</b> | <b>.55</b> | <b>2.30</b> |

| Cal-endar | QUARTERLY DIVIDENDS PAID <sup>B</sup> |        |        |        | Full Year |
|-----------|---------------------------------------|--------|--------|--------|-----------|
|           | Mar.31                                | Jun.30 | Sep.30 | Dec.31 |           |
| 2013      | .36                                   | .3675  | .3675  | .3675  | 1.46      |
| 2014      | .3675                                 | .3725  | .3725  | .3725  | 1.49      |
| 2015      | .3725                                 | .3725  | .3725  | .3775  | 1.50      |
| 2016      | .3775                                 | .38    | .38    | .38    | 1.52      |
| 2017      | .38                                   | .395   |        |        |           |

**The board of directors raised the dividend.** The increase was \$0.06 a share (3.9%) yearly, payable in early April. PPL is projecting similar annual dividend growth through 2020.

**We forecast a partial profit recovery in 2018.** The utilities in Kentucky expect to obtain rate hikes in mid-2017 (see below), so the company will book a full year's effect of rate relief in 2018. Also, PPL's utilities benefit from regulatory mechanisms that provide recovery of 70% of the company's capital spending within six months. PPL's goal is 5%-6% annual earnings growth beginning next year, and our 2018 forecast of \$2.30 would produce an increase that approaches this range.

**PPL's utilities in Kentucky have rate cases pending.** Kentucky Utilities is seeking an electric rate hike of \$103.1 million (6.4%). Louisville Gas and Electric filed for electric and gas increases of \$93.6 million (8.5%) and \$13.8 million (4.2%), respectively. The applications are based on a 10.23% return on equity. New tariffs are expected to take effect in mid-2017.

**The dividend yield of PPL stock is a percentage point above the utility average.** Total return potential to 2020-2022 is also above average for the industry. The stock is unranked for Timeliness due to the spinoff of PPL's nonregulated operations in 2015, which made year-to-year earnings comparisons misleading.

Paul E. Debbas, CFA February 17, 2017