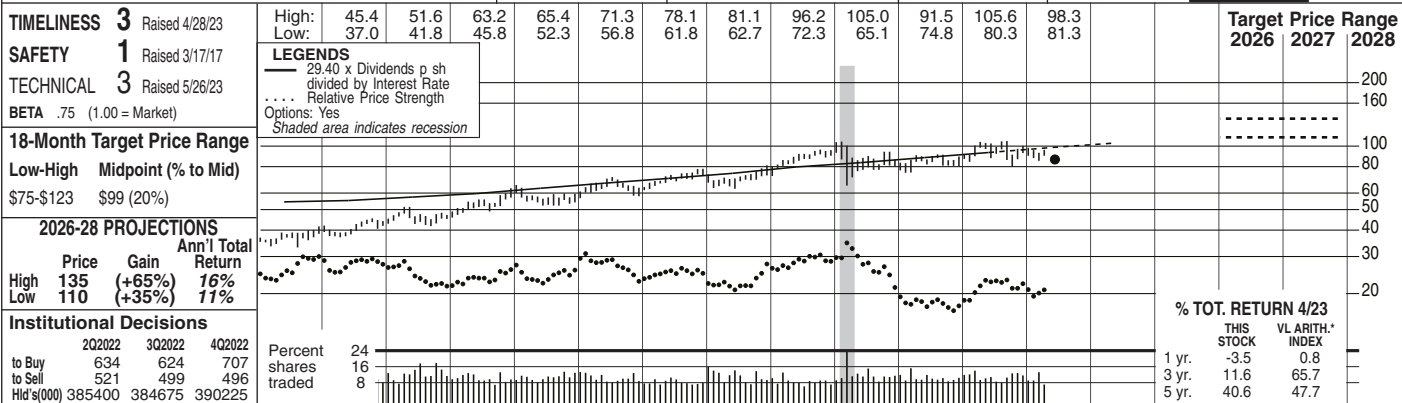


# AMERICAN ELEC. PWR. NDQ-AEP

RECENT PRICE **82.25** P/E RATIO **15.9** (Trailing: 21.3; Median: 17.0) RELATIVE P/E RATIO **0.97** DIV'D YLD **4.0%** VALUE LINE



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
Revenues per sh	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	38.20	<b>36.70</b>	<b>37.15</b>	Revenues per sh	40.00
"Cash Flow" per sh	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	10.72	<b>11.00</b>	<b>11.65</b>	"Cash Flow" per sh	14.75
Earnings per sh <sup>A</sup>	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	5.09	<b>5.35</b>	<b>5.60</b>	Earnings per sh <sup>A</sup>	6.80
Div'd Decl'd per sh <sup>B</sup> + †	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	<b>3.35</b>	<b>3.52</b>	Div'd Decl'd per sh <sup>B</sup> + †	4.16
Cap'l Spending per sh	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	13.18	<b>15.35</b>	<b>14.15</b>	Cap'l Spending per sh	14.00
Common Shs Outst'g <sup>D</sup>	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	46.60	<b>52.60</b>	<b>55.05</b>	Common Shs Outst'g <sup>D</sup>	62.55
Avg Ann'l P/E Ratio	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	513.87	<b>523.00</b>	<b>530.00</b>	Avg Ann'l P/E Ratio	18.0
Relative P/E Ratio	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	21.1	<b>18.0</b>	<b>17.0</b>	Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	0.87	0.79	0.67	0.85	0.75	0.88	0.81	0.84	0.80	0.80	0.97	0.97	1.14	1.01	0.92	1.23	<b>1.00</b>	<b>1.00</b>	Avg Ann'l Div'd Yield	3.3%

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
Revenues (\$mill)	15357	17020	16453	16380	15425	16196	15561	14919	16792	19640	<b>19200</b>	<b>19700</b>	Revenues (\$mill)	22000						
Net Profit (\$mill)	1549.0	1634.0	1763.4	2073.6	1783.2	1923.8	2019.0	2200.1	2488.1	2307.2	<b>2765</b>	<b>2990</b>	Net Profit (\$mill)	3740						
Income Tax Rate	36.2%	37.8%	35.1%	26.8%	33.7%	5.8%	7.9%	1.9%	4.6%	NMF	<b>21.0%</b>	<b>21.0%</b>	Income Tax Rate	21.0%						
AFUDC % to Net Profit	7.3%	9.0%	11.0%	8.0%	8.0%	10.7%	12.7%	9.7%	7.8%	7.0%	<b>7.0%</b>	<b>7.0%</b>	AFUDC % to Net Profit	5.0%						
Long-Term Debt Ratio	51.1%	49.0%	49.8%	50.0%	51.5%	53.2%	56.1%	58.5%	58.3%	58.5%	<b>58.0%</b>	<b>58.0%</b>	Long-Term Debt Ratio	57.5%						
Common Equity Ratio	48.9%	51.0%	50.2%	50.0%	48.5%	46.8%	43.9%	41.5%	41.7%	42.0%	<b>42.0%</b>	<b>42.0%</b>	Common Equity Ratio	42.5%						
Total Capital (\$mill)	32913	33001	35633	34775	37707	40677	44759	49537	53734	57520	<b>62950</b>	<b>68900</b>	Total Capital (\$mill)	75900						
Net Plant (\$mill)	40997	44117	46133	45639	50262	55099	60138	63902	66001	71283	<b>74600</b>	<b>78000</b>	Net Plant (\$mill)	87300						
Return on Total Cap'l	6.0%	6.3%	6.1%	7.2%	5.9%	5.9%	5.6%	5.6%	5.6%	4.0%	<b>4.5%</b>	<b>4.5%</b>	Return on Total Cap'l	5.0%						
Return on Shr. Equity	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	11.1%	9.7%	<b>10.0%</b>	<b>10.0%</b>	Return on Shr. Equity	11.0%						
Return on Com Equity	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	11.1%	9.7%	<b>10.0%</b>	<b>10.0%</b>	Return on Com Equity	11.0%						
Retained to Com Eq	3.7%	3.8%	3.9%	5.5%	3.2%	3.5%	3.4%	3.8%	4.3%	2.9%	<b>4.0%</b>	<b>4.0%</b>	Retained to Com Eq	4.5%						
All Div'ds to Net Prof	62%	61%	60%	54%	67%	65%	67%	65%	61%	70%	<b>63%</b>	<b>63%</b>	All Div'ds to Net Prof	61%						

**CAPITAL STRUCTURE as of 3/31/23**  
 Total Debt \$42766 mill. Due in 5 Yrs \$12886 mill.  
 LT Debt \$39144 mill. LT Interest \$1400 mill.

**Leases, Uncapitalized** Annual rentals \$119.6 mill.

**Pfd Stock** None

**Common Stock** 513,866,081 shs.

**MARKET CAP:** \$42.3 billion (Large Cap)

**ELECTRIC OPERATING STATISTICS**

	2019	2020	2021
% Change Retail Sales (KWH)	-2.2	-	+3.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Rev. 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 10 Yrs. Past 5 Yrs. Est'd '20-'22 of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22
Revenues	5%	-5%	3.5%
"Cash Flow"	5.0%	5.5%	5.5%
Earnings	5.0%	4.0%	6.0%
Dividends	5.0%	5.0%	5.5%
Book Value	3.5%	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

**American Electric Power is meeting expectations.** First-quarter earnings per share came in at \$1.11, on par with Wall Street's expectations but lower than last year's tally due to historically mild weather that restricted results. This, along with an increase in operations and maintenance costs and higher taxes, offset the benefits derived from rate increases, load growth, and more transmission revenue. Despite these challenges, effective cost management enabled management to maintain its 2023 bottom-line outlook of \$5.19 to \$5.39 and a long-term annual earnings growth target of 6-7%.

**The company is aggressively managing its asset portfolio.** It scrapped the potential sale of its Kentucky operations citing unattractive deal economics and an adverse regulatory environment as main causes. The unit, which recorded an underwhelming 2.9% return on equity over the past year, will be revamped with a focus on reliability and cost control. Also, new base rates will be effective from January 2024 onward. A recently announced sale of certain solar assets are expected to close by the end of 2023. Furthermore,

AEP intends to divest its retail and distributed resources businesses, with the sale process to start this summer and completion expected in the first half of 2024. These assets collectively contribute around \$650 million to annual revenue.

**The company is trying to get greener.** Approximately 43% of AEP's 24,600 total megawatt capacity is currently fueled by coal, which is relatively bad for the environment compared to other natural resources, and a focal point of regulators and ESG investors. AEP's four-year, \$40 billion capital expenditure plan will be used to add around 17 gigawatts of cleaner power generation capacity over the next nine years. The ultimate goal is to reach "net zero" emissions by 2045, meaning balance between the amount of greenhouse gases produced and the amount removed from the atmosphere or offset elsewhere. Continued focus on debt reduction should also help the stock's valuation ahead, allowing American to become more in-line with premium-priced peers.

**Risk-averse investors may want to take a closer look here.**  
 Kevin Downing June 9, 2023

Item	Value	Item	Value
(A) Diluted EPS. Excl. nonrec. gains (losses): '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); '22, (58c); '23, (34c).		plan avail. (C) Incl. intang. In '22: \$52.5 million	Company's Financial Strength
Next earnings report due late July. (B) Div'ds paid early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder invest.		(D) In mill.	Stock's Price Stability
			Price Growth Persistence
			Earnings Predictability