

Ameren Corporation

Downgrade to Neutral: Lower capital coming post Illinois decision

Rating Change: NEUTRAL | PO: 77.00 USD | Price: 73.67 USD

Uncertainty in Illinois post rate case order

We downgrade shares of Ameren (AEE) from Buy to Neutral. Ameren is an electric and gas utility holding company with operations in the states of Illinois and Missouri. Following December's order by the Illinois Corporation Commission (ICC) in AEE's electric rate case, we see reason to be more cautious on the story. Mgmt. has not updated long-term financial targets, but an 8k in late December indicated capex cuts could be coming given uncertainty on approved rate base. Given the lack of clarity and emerging risks to the growth story, we move to a Neutral rating.

EPS growth seen below 6-8% target on IL drag

We update our EPS estimates again having refreshed post-IL gas rate case previously, and now see EPS coming in at a growth rate of 4-5% from the original 2022 midpoint, and at around ~5% from our updated 2024 EPS estimate. Results are bifurcated by utility as MO seen intact, Transmission growth is robust, but IL drags in both electric and gas. IL electric growth in particular is challenging given lack of clarity on approved rate base beyond 2024, which was set at \$3.9B (unchanged from '22A) in the ICC's most recent order pending a new filing by AEE. See offsets as likely but lower starting point.

CAGR likely lower, expect mgmt. to flag offsets

Lower IL capex will likely drive the EPS CAGR below the current 6-8% when the company reports Q4 in Feb. Expect mgmt. to highlight offsets including O&M savings or potentially reduced equity issuances – not reflected today given visibility/balance sheet in our estimates, but reflecting upside to our numbers. Ameren likely can achieve 5-7% with offsets which we await detail on from management including less equity given latitude.

New PO \$77, fairly valued here, downgrade to Neutral

We update our valuation methodology, reflecting a +1x premium for AEE's MO operations (previously +2x) and -3x for IL (previously -2x). We see a more punitive valuation in IL as appropriate given the ICC's 2023 rulings and uncertain path forward with a future Grid Plan filing. In MO we see reason to reflect greater risk as mgmt. may seek to backfill reduced IL capital, potentially leading to bill pressures / stakeholder pushback. Applying the latest peer multiples of 13.8x for electric and 13.5x for gas leads to a PO of \$77 (down from \$82). We accordingly downgrade to Neutral given the modest positive total return implied by our valuation.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	3.84	4.14	4.36	4.54	4.77
EPS Change (YoY)	9.7%	7.8%	5.3%	4.1%	5.1%
Consensus EPS (Bloomberg)			4.38	4.59	4.91
DPS	2.20	2.36	2.52	2.72	2.94
Valuation (Dec)					
P/E	18.8x	17.5x	16.6x	15.9x	15.2x
Dividend Yield	3.0%	3.3%	3.5%	3.8%	4.1%
EV / EBITDA*	17.9x	15.5x	15.4x	14.2x	13.1x
Free Cash Flow Yield*	2.0%	-6.6%	-5.9%	-6.2%	-5.1%

* For full definitions of *IQmethod*SM measures, see page 8.

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12640987

Timestamp: 04 January 2024 06:00AM EST

04 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Inv. Opinion	A-1-7	A-2-7
Inv. Rating	BUY	NEUTRAL
Price Obj.	82.00	77.00
2023E Rev (m)	7,059.9	7,796.3
2024E Rev (m)	7,360.0	8,086.3
2025E Rev (m)	7,725.0	8,419.9
2023E EPS	4.39	4.36
2024E EPS	4.59	4.54
2025E EPS	4.88	4.77

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Stock Data

Price	73.67 USD
Price Objective	77.00 USD
Date Established	4-Jan-2024
Investment Opinion	A-2-7
52-Week Range	69.71 USD - 91.18 USD
Mrkt Val (mn) / Shares Out (mn)	19,371 USD / 262.9
Free Float	99.5%
Average Daily Value (mn)	169.28 USD
BofA Ticker / Exchange	AEE / NYS
Bloomberg / Reuters	AEE US / AEE.N
ROE (2023E)	10.4%
Net Dbt to Eqty (Dec-2022A)	140.1%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

iQprofileSM Ameren Corporation

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	3.6%	3.7%	3.7%	3.8%	3.9%
Return on Equity	10.5%	10.5%	10.4%	10.2%	10.1%
Operating Margin	20.8%	19.0%	20.7%	21.5%	22.6%
Free Cash Flow	389	(1,262)	(1,125)	(1,185)	(972)

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.7x	2.1x	2.4x	2.4x	2.4x
Asset Replacement Ratio	1.0x	2.5x	2.8x	2.8x	2.6x
Tax Rate	13.6%	14.0%	14.8%	13.9%	13.6%
Net Debt-to-Equity Ratio	135.1%	140.1%	141.2%	139.5%	136.9%
Interest Cover	3.5x	3.1x	3.0x	3.0x	3.0x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	6,394	7,957	7,796	8,086	8,420
% Change	10.4%	24.4%	-2.0%	3.7%	4.1%
Gross Profit	2,991	3,343	3,513	3,751	4,031
% Change	4.7%	11.8%	5.1%	6.8%	7.5%
EBITDA	2,552	2,953	2,975	3,214	3,495
% Change	7.0%	15.7%	0.7%	8.0%	8.8%
Net Interest & Other Income	(181)	(260)	(268)	(317)	(369)
Net Income (Adjusted)	990	1,074	1,148	1,227	1,329
% Change	13.7%	8.5%	6.9%	6.9%	8.3%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	990	1,074	1,148	1,227	1,329
Depreciation & Amortization	1,219	1,438	1,359	1,471	1,590
Change in Working Capital	(788)	(496)	48	57	50
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	240	247	170	170	170
Capital Expenditure	(1,272)	(3,525)	(3,850)	(4,110)	(4,110)
Free Cash Flow	389	-1,262	-1,125	-1,185	-972
% Change	NM	NM	10.9%	-5.4%	18.0%
Share / Issue Repurchase	2,287	1,782	1,660	1,797	1,680
Cost of Dividends Paid	(570)	(615)	(665)	(736)	(820)
Change in Debt	47	17	130	123	111

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	155	10	216	216	216
Trade Receivables	434	600	588	610	635
Other Current Assets	1,379	2,058	2,033	2,078	2,057
Property, Plant & Equipment	29,261	31,262	33,753	36,391	38,912
Other Non-Current Assets	4,506	3,974	3,768	3,768	3,768
Total Assets	35,735	37,904	40,357	43,064	45,588
Short-Term Debt	1,050	1,410	1,540	1,663	1,774
Other Current Liabilities	1,776	1,956	1,966	2,091	2,144
Long-Term Debt	12,562	13,685	14,945	16,142	17,222
Other Non-Current Liabilities	10,518	10,216	10,386	10,556	10,726
Total Liabilities	25,906	27,267	28,837	30,452	31,867
Total Equity	9,958	10,766	11,520	12,612	13,721
Total Equity & Liabilities	35,864	38,033	40,357	43,064	45,588

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Electric Utilities

Company Description

Ameren is a two-state regulated utility with operations in both Missouri and Illinois, including both Gas and Electric as well as FERC regulated Transmission assets.

Investment Rationale

We view Ameren shares as offering among the most compelling exposure to the emerging transmission buildout theme, which we expect to benefit from both MISO planning and federal infra stimulus. We see Ameren management as demonstrating its ability to execute its strategy at the highest level, with MO being one of its premium business units. The latest negative IL rate case outcome tempers the positives elsewhere, and we see valuation as balanced..

Stock Data

Average Daily Volume

2,297,882

Quarterly Earnings Estimates

	2022	2023
Q1	0.97A	1.00A
Q2	0.80A	0.90A
Q3	1.74A	1.87A
Q4	0.63A	0.58E

Illinois – rate base uncertainty following rejection

We update our earnings estimates for Ameren Illinois as outlined below. The key moving parts of our update are reflecting a flattish level of rate base across the five year MYRP period. The ICC ordered that AEE file another Grid Plan within three months of its written order. If this new filing receives a warmer reception, rate base growth could resume. Until then, the ICC reverted to rate base approved in another docket at \$3.9B in 2023. In addition to the ICC rate base subject to the recent order, Ameren Illinois has rate base in solar and energy efficiency investments that it estimates at \$400m as of the end of 2022 and a forecast \$500m by 2027 – we include these in our total IL rate base below.

We also update our capital forecast to assume lower capex in 2024+, with annual capital at IL Electric distribution pulled back to \$400m from \$600m previously. The company's Dec 18 update indicated that Ameren is considering adjusting its operations in light of the ICC's order including potentially "significant reductions" to capex and O&M.

Our mini-model below assumes that Ameren achieves its full authorized ROE of 8.72% for the electric distribution segment based on its average approved rate base of \$3.9B, with only minimal growth coming from the solar/efficiency portion as outlined below. We also assume that IL electric distribution achieves the 24 bps of ROE incentive adders as approved as part of the MYRP.

Exhibit 1: Ameren IL earnings

Reset again and see flat growth through 2027 from 2023 for IL

Ameren Illinois mini-model	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Electric											
ICC					3,900	3,900	3,900	3,900	3,900	3,900	3,900
Solar and efficiency					440	460	480	500	520	540	560
Electric total					4,340	4,360	4,380	4,400	4,420	4,440	4,460
ROE (8.72% + 24 bps incentives)					8.96%	8.96%	8.96%	8.96%	8.96%	8.96%	8.96%
Equity					50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Earnings					194	195	196	197	198	199	200
Gas											
Rate base					2,850	3,041	3,245	3,462	3,694	3,942	4,206
ROE					9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%
Equity					50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Earnings					135	144	153	163	174	186	199
Transmission											
Rate base					4,000	4,400	4,840	5,324	5,856	6,442	7,086
ROE					10.52%	10.52%	10.52%	10.52%	10.52%	10.52%	10.52%
Equity					56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%
Earnings					236	259	285	314	345	380	417
Mini model total					565	598	635	674	717	764	816
Ameren IL EPS	\$1.52	\$1.65	\$1.98	\$2.17	\$2.10	\$2.15	\$2.22	\$2.28	\$2.36	\$2.47	\$2.60
CAGR from 2023					-3.3%	-0.5%	0.7%	1.3%	1.7%	2.2%	2.6%
CAGR from 2024						2.4%	2.8%	2.8%	3.0%	3.3%	3.7%

Source: BofA Global Research estimates, Bloomberg

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Credit metrics – below 17% but rising

Unlike other IL peer utilities, Ameren is not expected to need substantially higher equity issuance as a result of the IL order on top of the \$500m per annum the company currently reflects in its plan. On our numbers, metrics are slightly below the Moody's 17% threshold in the near term, but show a recovering trend. Initial rating agency commentary indicated a constructive wait-and-see approach and we do not expect near-term action to be taken. With capex likely pulled back in the interim, equity needs could yet be revised lower in order to preserve earnings per share growth. Nonetheless, with metrics trending below the threshold on our estimates we see little margin for error or further negative regulatory outcomes for a company that had historically operated with balance sheet headroom and financial flexibility.



Exhibit 2: Ameren credit metrics

Trending higher but below 17% threshold

	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Cash Flow From Operations	1,661	2,263	2,725	2,925	3,138	3,336	3,574	3,720
- Changes in Working Capital	788	271	-48	-57	-50	-22	-46	16
- Changes in Short Term Op. Assets & Liabs.	113	22	22	22	22	22	22	22
Op Lease	2	78	78	78	78	78	78	78
Short-term debt	545	1,070	1,200	1,323	1,434	1,536	1,625	1,720
+ Long-term Debt - Gross	13,067	14,025	15,285	16,482	17,562	18,547	19,410	20,330
Other	83	34	34	34	34	34	34	34
FFO/Debt (%)	17.94%	17.41%	16.81%	16.64%	16.75%	16.97%	17.22%	17.37%

Source: BofA Global Research estimates, Moodys

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Estimates – CAGR gets further away

In addition to the tweaks to IL earnings detailed above, we adjust our estimates of parent drag in order to reflect a run rate similar to 2023. Ameren's parent has debt refis coming in 2024 and 2025 which will provide incremental drag of ~5c through 2026 – we do not reflect additional O&M drag a the parent though acknowledge this is a risk.

On our updated numbers, Ameren Missouri provides solid 6-7% EPS growth while transmission leads at +9% given robust investment opportunities in the existing plan. We expect continued momentum for capex growth here in coming updates given the Missouri resource planning process and MISO's long-term transmission buildout, respectively. Growth at Ameren Illinois Electric is understandably under significant pressure, with 2023 providing a tough comp given the last year of formula rates benefitting from rising 30Y yields. In future years the drivers laid out above are expected to drive IL electric growth of -7.9% from 2023-2028, though transmission and gas offset this somewhat across the broader Illinois footprint.

On our updated estimates, Ameren's new EPS CAGR points to 4-5% growth, making it highly unlikely that the current 6-8% EPS CAGR is maintained. Note that our forecast does not include new equity on top of the issuances currently in the plan, as discussed above. Our estimates are below Street across the forecast period. Upside risks include approval of an updated grid plan and further upward inflection in investment in non-IL jurisdictions.

Exhibit 3: Ameren estimates

Update to 4-5% growth through 2028

	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Ameren Missouri	\$1.74	\$1.77	\$2.02	\$2.17	\$2.17	\$2.43	\$2.60	\$2.77	\$2.89	\$3.00
Ameren Illinois Electric	\$0.59	\$0.58	\$0.64	\$0.78	\$0.98	\$0.73	\$0.70	\$0.69	\$0.67	\$0.65
Ameren Illinois Gas	\$0.34	\$0.40	\$0.42	\$0.47	\$0.49	\$0.50	\$0.52	\$0.53	\$0.55	\$0.57
Ameren Transmission	\$0.75	\$0.88	\$0.90	\$1.02	\$1.02	\$1.21	\$1.29	\$1.38	\$1.47	\$1.57
Other	-\$0.07	-\$0.13	-\$0.14	-\$0.29	-\$0.30	-\$0.31	-\$0.35	-\$0.36	-\$0.35	-\$0.34
Total EPS	\$3.35	\$3.50	\$3.84	\$4.14	\$4.36	\$4.54	\$4.77	\$5.02	\$5.23	\$5.45
Guidance			3.75-3.95	4.00-4.15	4.30-4.45					
EPS CAGR off 2023 (\$4.35)						4.5%	4.7%	4.9%	4.7%	4.6%
YoY Growth	-0.5%	4.5%	9.7%	7.7%	5.3%	4.3%	4.9%	5.3%	4.2%	4.2%
Prior Estimates				4.14	4.39	4.59	4.88			
Consensus				\$4.08	\$4.38	\$4.59	\$4.92	\$5.23	\$5.49	

Source: BofA Global Research estimates, Bloomberg

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Valuation: Yes, discounted vs recent premium but with EPS estimates so far south of Street hard to reconcile.

We downgrade shares of Ameren from Buy to Neutral.

As detailed above we reduce our EPS estimates particularly at Ameren IL electric following the latest rate case order. We also apply reduced relative premia/discounts to Ameren's subsidiaries in our sum of the parts valuation.

- **Missouri to +1x from +2x.** While we continue to view Missouri as a supportive jurisdiction, the negative outcome in Illinois and resulting impact on capital may spill over to Missouri, raising the risk profile overall. In particular we see risks to the overall capital plan with Missouri regulators potentially resistant to higher spend in the state as a response to the Illinois reduction.
- **Illinois to -3x from -2x.** We move to incrementally more cautious in IL given lack of clarity on updated rate base as Ameren will need to effectively re-file its grid plan. Current approved rate base is reset to 2022 levels, which based on our updated numbers will drive a meaningful slowdown in growth. Future regulatory outcomes are also uncertain given the unexpectedly cautious ICC order last month.

We also mark to market to the latest peer multiples applied to our latest 2026 EPS estimates of 13.8x for electric and 13.5x for gas.

Exhibit 4: Ameren valuation

PO moves to \$77, downgrade to Neutral

Ameren Sum of the Parts Valuation - 2026E

All figures in \$Mn except per share

Regulated Utilities	2026 EPS	P/E Multiple			
		Peer	Prem/ Discount	Adjusted Multiple	Base
Group Peer Multiple - Electric		13.8x			
Group EPS CAGR - Electric		5.00%			
Effective Multiple - Electric		14.5x			
Group Peer Multiple - Gas		13.5x			
Group EPS CAGR - Gas		5.10%			
Effective Multiple - Gas		14.2x			
Ameren Missouri	\$2.77		1.0x	15.5x	\$42.98
Ameren Illinois Electric	\$0.69		-3.0x	11.5x	\$7.90
Ameren Illinois Gas	\$0.53		-3.0x	11.2x	\$5.97
Ameren Transmission	\$1.38		4.0x	18.5x	\$25.56
Parent/Unallocated Items	-\$0.36		0.0x	14.5x	-\$5.15
Total Implied Utilities	\$5.02				\$77.26
Shares outstanding	287				
Implied P/E	15.3x				
Valuation					\$77
BofAe Implied Multiple					15.3x
Upside/Downside					4.5%
NTM Dividend Yield					3.7%
Total Return					8.2%

Source: BofA Global Research estimates, Bloomberg

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Price objective basis & risk

Ameren Corporation (AEE)

Our \$77 price objective is predicated on a P/E based sum of the parts, valuing each business subsidiary relative to the 2026E ratebase weighted peer multiple of 13.8x for electric and 13.5x for gas. We apply a 1.0x premium to peers at AEE Missouri to account for the improving prospects of capital spend, supplemented by a regulatory jurisdiction becoming more favorable - but lack of decoupling. We apply -3x discount for AEE Illinois Electric and also AEE Illinois Gas to account for recent regulatory outcomes. At Ameren Transmission, we apply a 4.0x premium to peers to reflect the FERC ROEs and robust growth outlook. At the Parent, we assume 2.0x multiple premium reflecting average of the subs and given the healthy debt metrics with FFO/Debt at 17%+. Electric peer P/E multiple is grossed up for a year to 2024 by 5% to reflect capital appreciation across the sector. The risks to our price objective are the utilities earning their allowed returns or worse, a significant change in 30-year U.S. Treasury bond yields, and adverse regulatory outcomes that could impact mgmt's ability to earn its allowed return.

Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWENA US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Dariusz Lozny, CFA
	MDU Resources Group, Inc.	MDU	MDU US	Dariusz Lozny, CFA
	Nextracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Corporation	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra Energy	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Energy	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
NEUTRAL	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Dariusz Lozny, CFA
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Dariusz Lozny, CFA
	AltaGas	YALA	ALA CN	Dariusz Lozny, CFA
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Dariusz Lozny, CFA
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVERG	EVERG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Dariusz Lozny, CFA
	TransAlta Corporation	YTA	TA CN	Dariusz Lozny, CFA
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith
UNDERPERFORM	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Dariusz Lozny, CFA
	Fortis Inc	FTS	FTS US	Dariusz Lozny, CFA
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith

IQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +
Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

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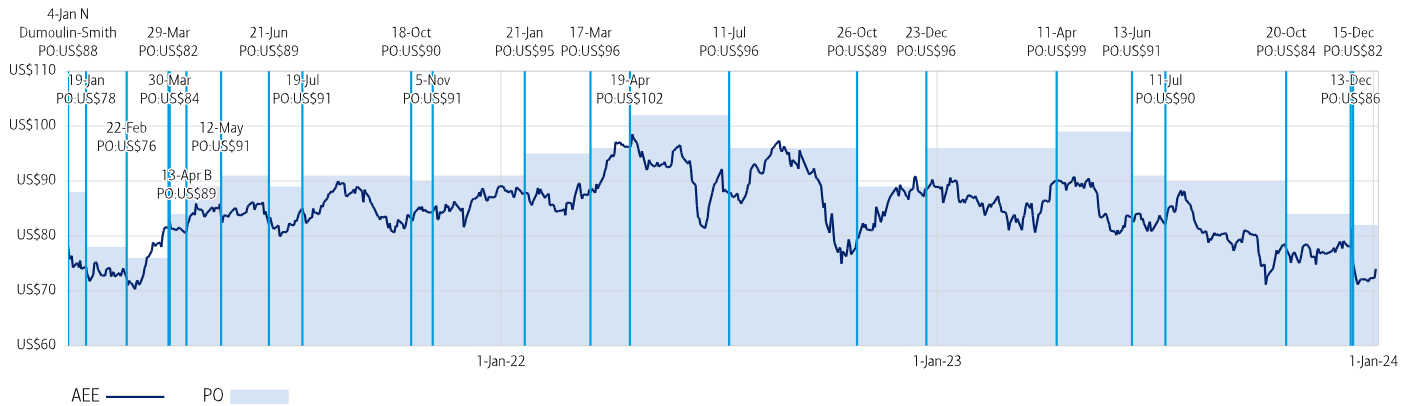
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Ameren Corp (AEE) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Utilities Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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