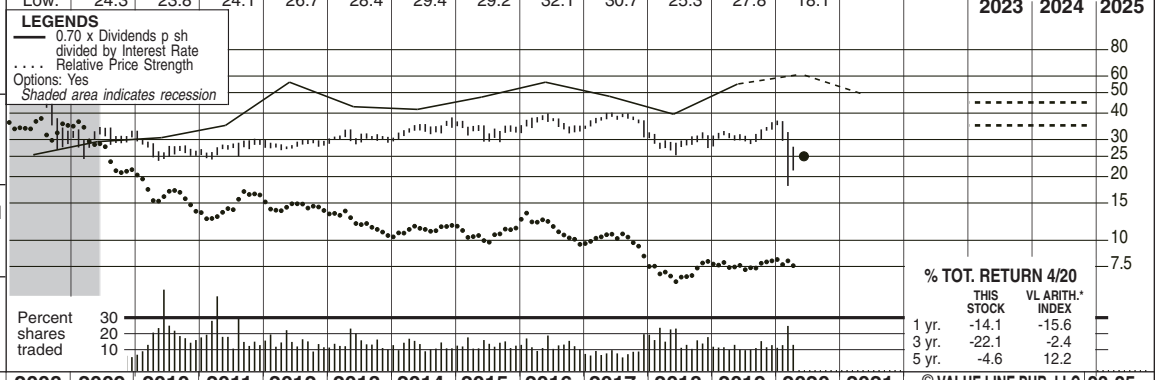
PPL CORPORATION NYSE-PPL

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
24.96	10.4	(Trailing: 10.5 Median: 13.0)	0.63	6.7%	VALUE LINE

TIMELINESS 3 Lowered 4/3/20
SAFETY 2 Raised 8/21/15
TECHNICAL 3 Lowered 4/10/20
BETA 1.05 (1.00 = Market)

High:	34.4	33.1	30.3	30.2	33.6	38.1	36.7	39.9	40.2	32.5	36.3	36.8
Low:	24.3	23.8	24.1	26.7	28.4	29.4	29.2	32.1	30.7	25.3	27.8	18.1

Target Price Range
2023 | 2024 | 2025



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$22-$42	$32 (30%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+80%)	20%
Low	35	(+40%)	14%

Institutional Decisions

	2Q2019	3Q2019	4Q2019
to Buy	374	390	425
to Sell	358	335	349
Hld's(000)	522107	514363	526640

% TOT. RETURN 4/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-14.1	-15.6
3 yr.	-22.1	-2.4
5 yr.	-4.6	12.2

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
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	10.74	10.81	10.13	*10.30*	*10.45*	Revenues per sh	*11.25*
3.59	3.84	4.26	5.10	4.71	3.47	3.66	4.59	4.84	4.64	4.58	3.78	4.28	3.68	4.16	3.94	*4.20*	*4.35*	"Cash Flow" per sh	*5.00*
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	2.11	2.58	2.37	*2.40*	*2.45*	Earnings per sh A	*2.75*
.82	.96	1.10	1.22	1.34	1.38	1.40	1.40	1.44	1.47	1.49	1.50	1.52	1.58	1.64	1.65	*1.66*	*1.67*	Div'd Decl'd per sh B ■	*1.80*
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	4.52	4.50	4.02	*4.35*	*4.05*	Cap'l Spending per sh	*3.25*
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	15.52	16.18	16.93	*17.75*	*18.55*	Book Value per sh C	*21.25*
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	693.40	720.32	767.23	*771.00*	*775.00*	Common Shs Outst'g D	*780.00*
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	17.6	11.3	13.3	*Bold figures are*		Avg Ann'l P/E Ratio	*14.5*
.66	.80	.76	.92	1.06	1.71	.76	.66	.69	.72	.74	.70	.67	.89	.61	.72	*Value Line*		Relative P/E Ratio	*.80*
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%	4.2%	5.6%	5.2%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 12/31/19
Total Debt $23044 mill. **Due in 5 Yrs** $8357 mill.
LT Debt $20721 mill. **LT Interest** $867 mill.
Incl. 23 mill. units 7.75%, $25 liq. value; 82,000 units 8.23%, $1000 face value.
(LT interest earned: 3.2x)

Leases, Uncapitalized Annual rentals $29 mill.
Pension Assets-12/19 $12530 mill. **Oblig** $12661 mill.

Pfd Stock None
Common Stock 767,813,625 shs. **as of 1/31/20**
MARKET CAP: $19 billion (Large Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
8521.0	12737	12286	11860	11499	7669.0	7517.0	7447.0	7785.0	7769.0	*7950*	*8100*	Revenues ($mill)	*8800*
1009.0	1456.0	1536.0	1541.0	1583.0	1603.0	1902.0	1449.0	1827.0	1746.0	*1860*	*1895*	Net Profit ($mill)	*2100*
22.0%	31.0%	26.2%	23.1%	33.0%	22.5%	25.4%	24.2%	20.0%	19.0%	*19.0%*	*19.0%*	Income Tax Rate	*19.0%*
3.5%	4.0%	4.1%	3.7%	2.8%	1.6%	1.6%	1.9%	2.0%	1.9%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
59.0%	61.9%	64.1%	62.3%	58.0%	65.2%	64.3%	64.8%	63.3%	61.5%	*60.0%*	*59.5%*	Long-Term Debt Ratio	*57.5%*
39.8%	37.2%	35.9%	37.7%	42.0%	34.8%	35.7%	35.2%	36.7%	38.5%	*40.0%*	*40.5%*	Common Equity Ratio	*42.5%*
20621	29071	29205	33058	32484	28482	27707	30608	31726	33712	*34325*	*35550*	Total Capital ($mill)	*39200*
20858	27266	30032	33087	34597	30382	30074	33092	34458	36482	*38475*	*40150*	Net Plant ($mill)	*42900*
6.1%	6.5%	7.0%	6.2%	6.5%	7.1%	8.4%	6.2%	7.2%	6.6%	*7.0%*	*7.0%*	Return on Total Cap'l	*7.0%*
11.9%	13.1%	14.7%	12.4%	11.6%	16.2%	19.2%	13.5%	15.7%	13.4%	*13.5%*	*13.0%*	Return on Shr. Equity	*12.5%*
12.0%	13.3%	14.6%	12.4%	11.6%	16.2%	19.2%	13.5%	15.7%	13.4%	*13.5%*	*13.0%*	Return on Com Equity E	*12.5%*
5.2%	6.4%	6.7%	5.3%	4.5%	6.0%	8.8%	3.5%	6.0%	4.3%	*4.5%*	*4.0%*	Retained to Com Eq	*4.0%*
58%	52%	54%	57%	61%	63%	54%	74%	62%	68%	*69%*	*68%*	All Div'ds to Net Prof	*67%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	-1.5	+2.0	-3.4
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	336	292	283

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	-6.0%	-11.0%	*1.0%*
"Cash Flow"	-1.0%	-3.5%	*4.0%*
Earnings	1.0%	-1.0%	*2.5%*
Dividends	2.0%	2.0%	*2.0%*
Book Value	1.0%	-3.5%	*4.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	1951	1725	1845	1926	7447.0
2018	2126	1848	1872	1939	7785.0
2019	2079	1803	1933	1954	7769.0
2020	*2150*	*1850*	*2000*	*1950*	*7950*
2021	*2200*	*1900*	*2050*	*1950*	*8100*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.59	.43	.51	.58	2.11
2018	.65	.73	.62	.57	2.58
2019	.64	.60	.65	.48	2.37
2020	*.70*	*.55*	*.60*	*.55*	*2.40*
2021	*.65*	*.60*	*.65*	*.55*	*2.45*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.3775	.38	.38	.38	1.52
2017	.38	.395	.395	.395	1.57
2018	.395	.41	.41	.41	1.63
2019	.41	.4125	.4125	.4125	1.65
2020	.4125	.415			

BUSINESS: PPL Corporation (formerly PP&L Resources, Inc.) is a holding company for PPL Electric Utilities (formerly Pennsylvania Power & Light Company), which distributes electricity to 1.4 million customers in eastern & central PA. Acq'd Kentucky Utilities and Louisville Gas and Electric (1.3 mill. customers) 11/10. Has electric distribution sub. in U.K. (7.9 mill. 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: 18% of revs. '19 reported depr. rate: 2.8%. Has 12,300 empls. Chairman & CEO: William H. Spence. President & COO: Vincent Sorgi. Inc.: PA. Address: Two North Ninth St., Allentown, PA 18101-1179. Tel.: 800-345-3085. Internet: www.pplweb.com.

PPL Corporation has the highest dividend yield of any electric utility stock under our coverage, by far. This is nearly three percentage points above the utility average. The share price has fallen 30% so far this year, much more than most utility equities. Investors are concerned about a negative shift in exchange rates between the dollar and the British pound, which will affect reported income from PPL's utilities in the United Kingdom. In fact, due to the company's revised expectation for exchange rates, management reduced its 2021 earnings guidance from $2.50-$2.80 a share to $2.40-$2.60. PPL's U.K. business is mostly hedged for 2020, but not for 2021.

Apart from exchange rates, investors have concerns about the long-term earning power of the U.K. operations. A new regulatory scheme will take effect in April of 2023, and it might well be less favorable for the company than the current plan. The performance of PPL stock so far this year indicates that the market's worries have not gone away.

We look for just slight growth in share net in 2020 and 2021. We think the weak economy will affect PPL's utilities. In addition, average shares outstanding will be significantly higher because a forward stock sale was settled in November of 2019. Finally, the unfavorable move in exchange rates will hurt reported income from the portion of the U.K. business that is not hedged. Our estimate of $2.40 a share, which we reduced by $0.15 a share, is at the low end of PPL's targeted range of $2.40-$2.60. We cut our 2021 estimate by $0.20 a share, to $2.45.

The board of directors raised the dividend at its February meeting, effective with the April payment. The increase was a token one, a cent a share (0.6%) annually. The board's action was taken when the company had lowered its expectation for 2021, but before the state of the economy and the stock market plummeted. Even so, we think the payout will hold at the current level.

PPL stock has an attractive valuation compared with most utilities. Besides the lofty dividend yield, total return potential is better than most other utilities for the 18-month and 3- to 5-year periods.

Paul E. Debbas, CFA *May 15, 2020*

(A) Diluted EPS. Excl. nonrec. gain (losses): '07, (12¢); '10, (8¢); '11, 8¢; '13, (62¢); gains (losses) on disc. ops.: '07, 19¢; '08, 3¢; '09, (10¢); '10, (4¢); '12, (1¢); '14, 23¢; '15, ($1.36). '18 EPS don't sum due to rounding. Next earnings report due early Aug. **(B)** Div'ds paid in early Jan., Apr., July, & Oct. ■ Div'd reinvest. plan avail. **(C)** Incl. intang. In '19: $7.08/sh. **(D)** In mill., adj. for split. **(E)** Rate base: Fair value. Rate all'd on com. eq. in PA in '16: none spec.; in KY in '19: 9.725%; earned on avg. com. eq., '19: 14.3%. Regulatory Climate: Avg.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	15
Earnings Predictability	70

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