



## COMPANY UPDATE

### Key Metrics

AEE - NYSE (Price as of 5/4/17)	\$54.81
Price Target	NA
52-Week Range	\$56.57 - \$46.30
Shares Outstanding (mm)	242.6
Market Cap. (\$mm)	\$13,296
3-Mo. Average Daily Volume	1,590,000
Institutional Ownership	67.0%
Debt/Total Capital	52.0%
ROE (ttm)	8.5%
Book Value/Share	\$29.65
Price/Book Value	1.8x
Indicated Dividend / Yield	\$1.76 3.2%
Dividend Cycle	March, June, Sept., Dec.

### EPS FY 12/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	--	--	--	--	--
2Q	--	--	--	--	--
3Q	--	--	--	--	--
4Q	--	--	--	--	--
Year	\$2.68		\$2.77		\$3.00
P/E	20.4x		19.8x		18.3x
Payout	64%		64%		59%

Note: Figures exclude non-recurring items

### Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	--	--	--	--	--
2Q	--	--	--	--	--
3Q	--	--	--	--	--
4Q	--	--	--	--	--
Year	\$6,076		\$6,175		\$6,305

**Company Description:** St. Louis-based Ameren Corporation serves approximately 2.4 million electric customers and more than 900,000 natural gas customers in a 64,000 square mile area of Missouri and Illinois through its Ameren Missouri and Ameren Illinois rate-regulated utility subsidiaries. Ameren Illinois provides electric and natural gas delivery service while Ameren Missouri provides vertically integrated electric service. The company has assets of \$24 billion. Fuel Sources: Coal 61.4%, Natural Gas 26.1%, Nuclear 7.2%, Oil 3%, Hydro 2.3%.

## Ameren Corp.

AEE -- NYSE -- Neutral -- 2

### AEE reports solid first quarter earnings and reaffirms 2017 guidance

#### Investment Highlights

- Ameren reported first quarter earnings of \$0.42 per share versus \$0.43 per share in the first quarter of 2016.** While earnings were slightly lower year-over-year, they were still better than the expected consensus estimate of \$0.39 per share. The slight decline in year-over-year earnings was primarily due to very mild winter weather, as well as lower tax benefits associated with share-based compensation. While the company's core regulated electric and natural gas transmission businesses saw slight declines in earnings, AEE's transmission segment continued its growth. During the first quarter this business contributed \$34 million to earnings compared to \$27 million in 2016's first quarter. The improvement reflected increased infrastructure investments.
- Electric utility legislation in Missouri appears unlikely this legislative session.** The company had hoped Senate Bill 190 would pass, thereby encouraging utilities to increase their investment in the state. While disappointed, we believe eventually either legislation or regulatory action will take place that provides incentives for utilities to invest in Missouri.
- Management reaffirms 2017 earnings guidance.** Ameren expects this year's earnings to be in a range of \$2.65 to \$2.85 per share. We are maintaining our 2017 EPS estimate of \$2.77, slightly above the midpoint of company guidance. Our initial 2018 EPS estimate is \$3.00. Ameren continues to expect to achieve 5% to 8% compound annual earnings per share growth from 2016 through 2020.
- We maintain our Neutral rating on Ameren due to valuation.** We believe AEE has a positive fundamental outlook. We expect AEE to deliver consistent earnings and dividend growth, helped by a large increase in capital spending thru 2020. We would maintain positions in the stock.

**Note Important Disclosures on Pages 2 and 3.**  
**Note Analyst Certification on Page 2.**

**Suitability**

We assign a 2 suitability rating to Ameren. The company is a fully regulated utility that generates its earnings from its electric utility and natural gas operations. This allows for the company to generate steady earnings and dividend growth. We believe Ameren is a suitable holding for utility investors seeking both capital appreciation and a growing dividend.

*Additional information is available upon request.*

**Analyst Certification**

I, David B. Burks, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

**Important Disclosures**

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

**Investment Ratings**

**Buy** - We believe the stock has significant total return potential in the coming 12 months.

**Long-term Buy** - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

**Neutral** - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

**Underperform** - We believe the stock is vulnerable to a price set back in the next 12 months.

**Suitability Ratings**

**1** - A large cap, core holding with a solid history

**2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

**3** - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage

**4** - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	
Buy	36	30%	14%
Hold/Neutral	71	58%	6%
Sell	15	12%	7%
			93%

As of 5 April 2017

**Other Disclosures**

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