



COMPANY UPDATE

Key Metrics

PPL - NYSE (5/3/17)	\$37.98
Price Target	NA
52-Week Range	\$39.92 - \$32.08
Shares Outstanding (mm)	680.8
Market Cap. (\$mm)	\$25,856
3-Mo. Average Daily Volume	3,186,000
Institutional Ownership	48.0%
Debt/Total Capital	63.4%
ROE (ttm)	18.4%
Book Value/Share (3/31)	\$14.81
Price/Book Value	2.6x
Indicated Dividend / Yield	\$1.58 4.2%
Dividend Cycle	Jan., April, July, Oct.

EPS FY 12/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q		--		--	--
2Q		--		--	--
3Q		--		--	--
4Q		--		--	--
Year	\$2.45		\$2.15		\$2.31
P/E	15.5x		17.7x		16.4x
Payout	62%		73%		68%

Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q		--		--	--
2Q		--		--	--
3Q		--		--	--
4Q		--		--	--
Year	\$7,517	--	\$7,725	--	\$8,110

Company Description: Based in Allentown PA, PPL Corporation is one of the largest companies in the U.S. utility sector. PPL's seven utilities serve 10 million customers in the United States and the United Kingdom. The company's U.S. utility operations include PPL Electric Utilities Corporation, Louisville Gas & Electric, and Kentucky Utilities Company. Coal is the company's primary generation source.

Electric Utilities

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PPL Corporation

PPL -- NYSE -- Neutral -- 2

Company reports solid first quarter earnings and reaffirms 2017 guidance

- PPL reported first quarter earnings of \$0.62 per share versus \$0.67 per share in 2016's first quarter.** Earnings were slightly above the consensus \$0.61 per share estimate. The company's United Kingdom operations posted higher year-over-year first quarter earnings while both PPL's Kentucky and Pennsylvania segments saw their contributions decline modestly. PPL's U.K. results benefited from a price hike that went into effect in April 2016. Lower results from lower foreign currency exchange rates were offset by lower operation and maintenance expense. The company's Kentucky operations were negatively impacted by mild winter weather. February was the mildest one in the state's history. PPL's Pennsylvania unit saw its earnings decline from last year's first quarter due to higher operation and maintenance expense and higher depreciation expense. In sum, we thought it was a solid start to 2017 for PPL.
- Company reaffirms 2017 earnings guidance.** PPL continues to expect this year's earnings to be in a range of \$2.05 to \$2.25 per share. As a reminder, this year's earnings are anticipated to be lower due to actions the company took following June's Brexit vote in the U.K., which prompted a decline in the country's currency. With over half of the company's earnings coming from the U.K., PPL took measures to lower its future currency risk. This step will negatively impact 2017 earnings. While lower this year, PPL expects per-share earnings to grow by a 5% to 6% compound annual growth rate from 2017 through 2020 with this year as a base. The dividend is expected to grow by 4% annually.
- We maintain our Neutral rating on PPL.** The fallout following the Brexit vote and currency weakness has delayed PPL's earnings growth story. However, we still believe the company has a positive long-term fundamental outlook. We would maintain positions in the stock and note the stock's 4.2% dividend yield.

Note Important Disclosures on Pages 2-3.

Note Analyst Certification on Page 2.

Suitability

We assign a suitability rating of 2 to PPL Corporation. All of the company's earnings come from its core regulated utility businesses, both in the U.S. and the U.K. However, approximately 60% of PPL's earnings come from the U.K. With last June's unexpected Brexit vote, we are reminded that having foreign exposure can increase risk and uncertainty. However, the company has adopted a hedging strategy that should sharply lower currency risk for the next several years. We believe PPL remains a suitable holding for income oriented investors seeking modest capital appreciation.

Risks

Risks include weak economic growth both in the U.S. and the United Kingdom. There could also be long-term negative impacts from the currency weakness in Great Britain following that country's vote on June 23rd to leave the European Union. Other factors include changing regulatory conditions at the federal or state level, potentially new onerous legislation or stricter Environmental Protection Agency standards; unplanned plant outages; higher fuel costs; higher interest rates; and unfavorable weather. The company's credit outlook is stable.

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%	Banking: 14%, No Banking: 86%
Hold/Neutral	71	58%	Banking: 6%, No Banking: 94%
Sell	15	12%	Banking: 7%, No Banking: 93%

As of 5 April 2017

Other Disclosures

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