



Ameren Corporation (AEE)

Updated February 16th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	\$98	5 Year CAGR Estimate:	10.7%	Market Cap:	\$26.3 B
Fair Value Price:	\$104	5 Year Growth Estimate:	7.0%	Ex-Dividend Date¹:	03/11/25
% Fair Value:	94%	5 Year Valuation Multiple Estimate:	1.2%	Dividend Payment Date¹:	03/31/25
Dividend Yield:	2.9%	5 Year Price Target	\$146	Years Of Dividend Growth:	12
Dividend Risk Score:	F	Retirement Suitability Score:	D	Rating:	Buy

Overview & Current Events

Ameren Corporation owns rate-regulated generation, transmission, and distribution networks that deliver electricity and natural gas in Missouri and Illinois. The company serves 2.5 million electricity customers and more than 900,000 natural gas customers. It primarily generates electricity through coal, nuclear, and natural gas, as well as renewable sources such as hydroelectric, wind, methane gas, and solar. The company serves residential (49% of revenues), commercial (34%), and industrial customers (17%). This \$26.3 billion company was founded in 1881 and has about 9,500 employees.

On February 13th, 2025, Ameren Corporation released its fourth quarter results for the period ending December 31st, 2024. For the quarter, the company reported net income of \$207 million and \$0.77 earnings per diluted share, compared to the same quarter a year ago net income of \$158 million and \$0.60 earnings per diluted share. The reported earnings reflected higher adjusted EPS, driven by earnings on increased infrastructure investments, lower operations and maintenance expenses, and higher electric retail sales at Ameren Missouri. These favorable factors were partially offset by higher interest expenses at Ameren Missouri and a lower return on equity (ROE) at Ameren Illinois Electric Distribution. For the full year 2024, Ameren reported GAAP earnings per diluted share of \$4.42, compared to \$4.38 in 2023 (+0.9%), while adjusted earnings per diluted share were \$4.63, up 5.7% from \$4.38 in 2023. Total revenues came in at \$1,941 million in the quarter, which represents a 19.9% increase year-over-year. Ameren's total electricity sales volumes were not provided for Q4, but for the full year, electric revenues increased to \$6,540 million, up from \$6,439 million in 2023. Gas revenues rose slightly to \$1,083 million, compared to \$1,061 million in 2023. Total operating expenses for the quarter were \$1,743 million, up 28.8% year-over-year, while full-year operating expenses increased to \$6,107 million, up from \$5,942 million in 2023. The company's interest expenses in the fourth quarter were \$171 million, compared with \$153 million in Q4 2023. Ameren has increased its five-year infrastructure investment plan to \$26.3 billion for 2025-2029, reflecting a 20% increase from prior expectations. These investments aim to support Ameren's 9.2% projected compound annual rate base growth and the company's long-term goal of achieving net-zero carbon emissions by 2045. During the investor update, the company presented a positive outlook, underpinned by robust long-term infrastructure investments. Ameren affirmed its 2025 earnings guidance range of \$4.85 to \$5.05 per diluted share, with the midpoint of \$4.95 representing approximately 7% EPS growth compared to last year's result. Additionally, the company projects a 6% to 8% compound annual EPS growth from 2025 through 2029, using the 2025 EPS midpoint as the base. The company continues to aim for future dividend growth in line with long-term EPS growth expectations, maintaining a planned payout ratio between 55% and 65% of annual EPS.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.38	\$2.68	\$2.77	\$3.32	\$3.35	\$3.50	\$3.84	\$4.14	\$4.38	\$4.63	\$4.95	\$6.94
DPS	\$1.66	\$1.72	\$1.78	\$1.85	\$1.92	\$2.00	\$2.20	\$2.36	\$2.52	\$2.68	\$2.84	\$3.80
Shares²	243	243	243	245	246	253	258	258	263	267	268	269

¹ Estimated date.

² In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Ameren’s long-term earnings growth track record is solid, growing EPS every year since 2015. Over the last five years, the average EPS growth rate is 7.2%.

We expect the company to grow its earnings-per-share by 7.0% per year on average over the next five years. The company has a good earnings track record and will benefit from gas and electricity rate hikes. This should compensate for the effects of higher operating and maintenance costs, depreciation, and slightly higher average shares outstanding.

The company has a long history of paying dividends and has increased its payout for 12 consecutive years. In February 2025, the quarterly dividend increased by 6% from \$0.67 to \$0.71 per share. Over the last five years, the average annual dividend growth rate is 7.3%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.5	18.3	20.6	18.3	22.1	22.2	23.3	22.3	16.4	21.0	19.8	21.0
Avg. Yld.	1.9%	3.5%	3.1%	3.0%	2.6%	2.6%	2.7%	2.7%	3.3%	3.3%	2.9%	2.6%

During the past decade shares of Ameren Corporation have traded with an average price-to-earnings ratio of about 20.2 times earnings and today, it stands at 19.8. We are using 21 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company’s dividend yield is currently 2.9% and the raises in the last few years have contributed to total returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

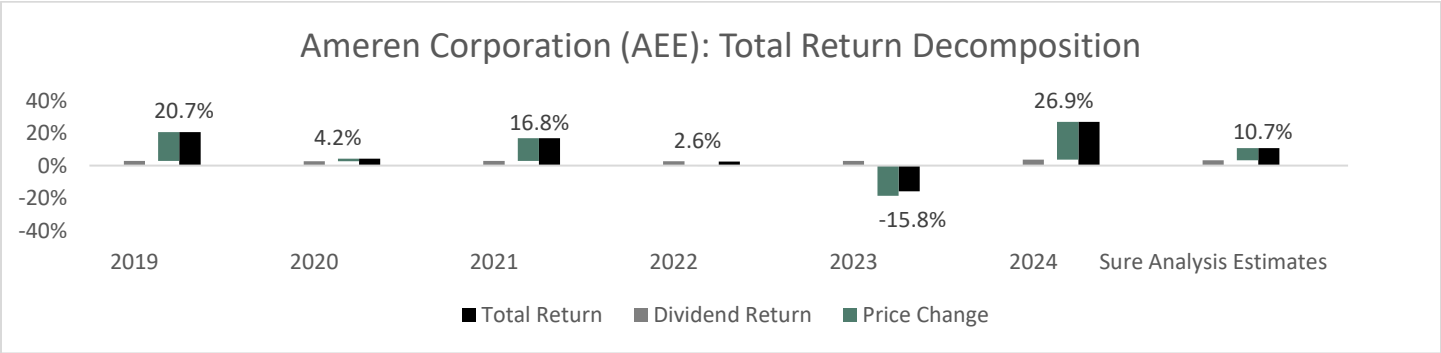
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	67%	70%	64%	64%	56%	57%	57%	57%	57%	58%	57%	55%

During the past five years, the company’s dividend payout ratio has averaged around 60%. The company has a projected 2025 payout ratio of 58%, which indicates a sustainable dividend and is within Ameren’s target³ payout range of 55%-65%. We expect that earnings growth will be stable, meaning that there is still room for the dividend to continue to grow with a payout ratio below 60%. Ameren Corporation is investing very heavily in renewable energy and growing its rate base. Any increase to the rate base allows the company to increase the price that it charges to its customers. This will help Ameren to maintain a sustainable earnings growth rate. Investing in the energy grid should also improve reliability (less outage), increase customer satisfaction, and will result in attractive rates for customers below the US average. The expected compound annual rate base growth³ 2024 through 2029 is ~9.2%.

Final Thoughts & Recommendation

Ameren Corporation is a quality stock in terms of its earnings growth track record, its earnings growth outlook, its dividend yield, and its infrastructure investments related to the net-zero carbon emission target for 2050. We estimate a total return of 10.7% from a 3.0% yield, 7% EPS growth, and a valuation tailwind. Shares earn a buy rating.

Total Return Breakdown by Year



³ Fourth quarter 2024 earnings presentation
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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	6,053	6,098	6,076	6,174	6,291	5,910	5,794	6,394	7,957	7,500
Gross Profit	2,467	2,597	2,634	2,783	2,795	2,743	2,858	2,991	3,343	3,467
Gross Margin	40.8%	42.6%	43.4%	45.1%	44.4%	46.4%	49.3%	46.8%	42.0%	46.2%
D&A Exp.	791	874	923	952	1,033	1,081	1,153	1,277	1,438	1,500
Operating Profit	1,254	1,259	1,322	1,410	1,357	1,267	1,300	1,333	1,515	1,853
Operating Margin	20.7%	20.6%	21.8%	22.8%	21.6%	21.4%	22.4%	20.8%	19.0%	24.7%
Net Profit	586	630	653	523	815	828	871	990	1,074	1,152
Net Margin	9.7%	10.3%	10.7%	8.5%	13.0%	14.0%	15.0%	15.5%	13.5%	15.4%
Free Cash Flow	(294)	62	(14)	(77)	(168)	(272)	(1,572)	(1,862)	(1,117)	(1,207)
Income Tax	377	363	382	576	237	182	155	157	176	183

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	22,289	23,640	24,699	25,945	27,215	28,933	32,030	35,735	37,900	40,830
Cash & Equivalents	5	292	9	10	16	16	139	8	10	25
Accounts Receivable	423	388	437	445	463	393	415	434	600	494
Inventories	524	538	527	522	483	494	521	592	667	733
Goodwill & Int. Ass.	411	411	411	411	411	411	411	411	411	411
Total Liabilities	15,434	16,552	17,454	18,619	19,442	20,732	22,950	25,906	27,270	29,350
Accounts Payable	711	777	805	902	817	874	958	1,095	1,159	1,136
Long-Term Debt	6,919	7,576	7,834	8,419	9,036	9,797	11,576	13,612	15,100	16,510
Shareholder's Equity	6,713	6,946	7,103	7,184	7,631	8,059	8,938	9,700	10,510	11,350
LTD/E Ratio	1.03	1.09	1.10	1.17	1.18	1.22	1.30	1.40	1.44	1.45

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	2.7%	2.7%	2.7%	2.1%	3.1%	2.9%	2.9%	2.9%	2.9%	2.9%
Return on Equity	8.8%	9.2%	9.3%	7.3%	11.0%	10.6%	10.2%	10.6%	10.6%	10.4%
ROIC	4.4%	4.4%	4.4%	3.4%	5.0%	4.8%	4.5%	4.5%	4.4%	4.3%
Shares Out.	243	243	243	243	245	246	253	258	259.5	263.4
Revenue/Share	24.77	25.03	24.96	25.28	25.59	23.92	23.30	24.82	30.66	28.47
FCF/Share	(1.20)	0.25	(0.06)	(0.32)	(0.68)	(1.10)	(6.32)	(7.23)	(4.30)	(4.58)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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