WEC Energy Group, Inc. (WEC)

Updated February 5th, 2025, by Nathan Parsh

Key Metrics

Current Price:	$99	**5 Year CAGR Estimate:**	9.2%	**Market Cap:**	$31 B
Fair Value Price:	$99	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	02/14/25
% Fair Value:	100%	**5 Year Valuation Multiple Estimate:**	0.0%	**Dividend Payment Date:**	03/01/25
Dividend Yield:	3.6%	**5 Year Price Target**	$133	**Years Of Dividend Growth:**	22
Dividend Risk Score:	B	**Retirement Suitability Score:**	B	**Rating:**	Hold

Formerly known as Wisconsin Energy, WEC Energy Group, Inc. provides electric, gas & steam service to customers in Wisconsin and gas service to customers in Illinois, Minnesota and Michigan. In total, WEC Energy Group provides services to 1.6 million customers. The company has also made nearly $600 million in investments into non-utility wind projects over the past two years. As a nonutility, WEC Energy Group's return on investment can exceed that of a regulated utility. WEC Energy Group has a five-year capital plan that includes investment of 1,800 megawatts of wind, solar and battery storage that will be added to the company's regulated asset base in Wisconsin. The company has annual revenues of nearly $9 billion.

On December 5th, 2024, WEC Energy Group announced a 6.9% increase in its quarterly dividend to $0.8925.

On February 4th, 2025, WEC Energy Group announced fourth quarter and full year results for the period ending December 31st, 2024. For the quarter, revenue grew 2.7% to $2.3 billion, but this was $220 million below estimates. Net income of $435.5 million, or $1.43 per share, compared favorably to net income of $218.5 million, or $0.69 per share, in the prior year and was in-line with expectations. For the year, revenue fell 3.4% to $8.6 billion while earnings-per-share of $4.83 compared to $4.22 in 2023.

For the year, retail deliveries of electricity grew 0.7% on a weather normalized basis. Residential electricity usage grew 0.5%. Electricity usage by small commercial and industrial customers was higher by 0.7% while large commercial and industrial customers usage improved 0.1% from the prior year. Natural gas deliveries in Wisconsin fell 2.9% during the period. On weather normalized basis, natural as deliveries were down just 0.1%.
WEC Energy Group reaffirmed its prior earnings guidance for 2025 as well, with the company still expecting earnings-per-share in a range of $5.17 to $5.27 for the year. At the mid-point, this would represent 8.1% growth from 2024.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.34	$2.96	$3.14	$3.34	$3.58	$3.80	$4.12	$4.45	$4.22	$4.83	***$5.22***	***$6.99***
DPS	$1.74	$1.98	$2.08	$2.21	$2.36	$2.53	$2.71	$2.91	$3.12	$3.34	***$3.57***	***$4.78***
Shares[1]	316	316	316	316	317	317	315	316	316	317	***317***	***317***

WEC Energy Group compounded earnings-per-share by a rate of 8.4% per year since 2015 and 6.6% per year since 2020. Given the consistency over the medium- and long-term, we expect that WEC Energy Group will be able to increase earnings-per-share by at least 6% annually through 2030, primarily attributable to increases in revenue and returns from nonutility investments. WEC Energy Group has raised its dividend for 22 consecutive years. The dividend has compounded at a rate of 7.5% over the last decade and 7.1% over the last five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.3	19.9	20.0	19.6	23.5	24.9	23.6	20.7	19.9	19.5	***19.0***	***19.0***
Avg. Yld.	3.5%	3.4%	3.3%	3.4%	2.8%	2.7%	2.8%	3.1%	3.7%	3.6%	***3.6%***	***3.6%***

[1] Share count 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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Shares of WEC Energy Group have increased $3, or 3.1%, since our November 1st, 2025 update. Based off the current share price and the company's expected earnings-per-share for 2025, WEC Energy Group trades with a price-to-earnings ratio of 19.0. We reaffirm our five-year target P/E of 19 to better reflect the average earnings multiple for the last decade. At this point, we do not expect valuation to play much of a role in total returns over the next five years.

WEC Energy Group has a dividend yield of 3.6% currently, which is above the stock's 10-year average yield of 3.2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

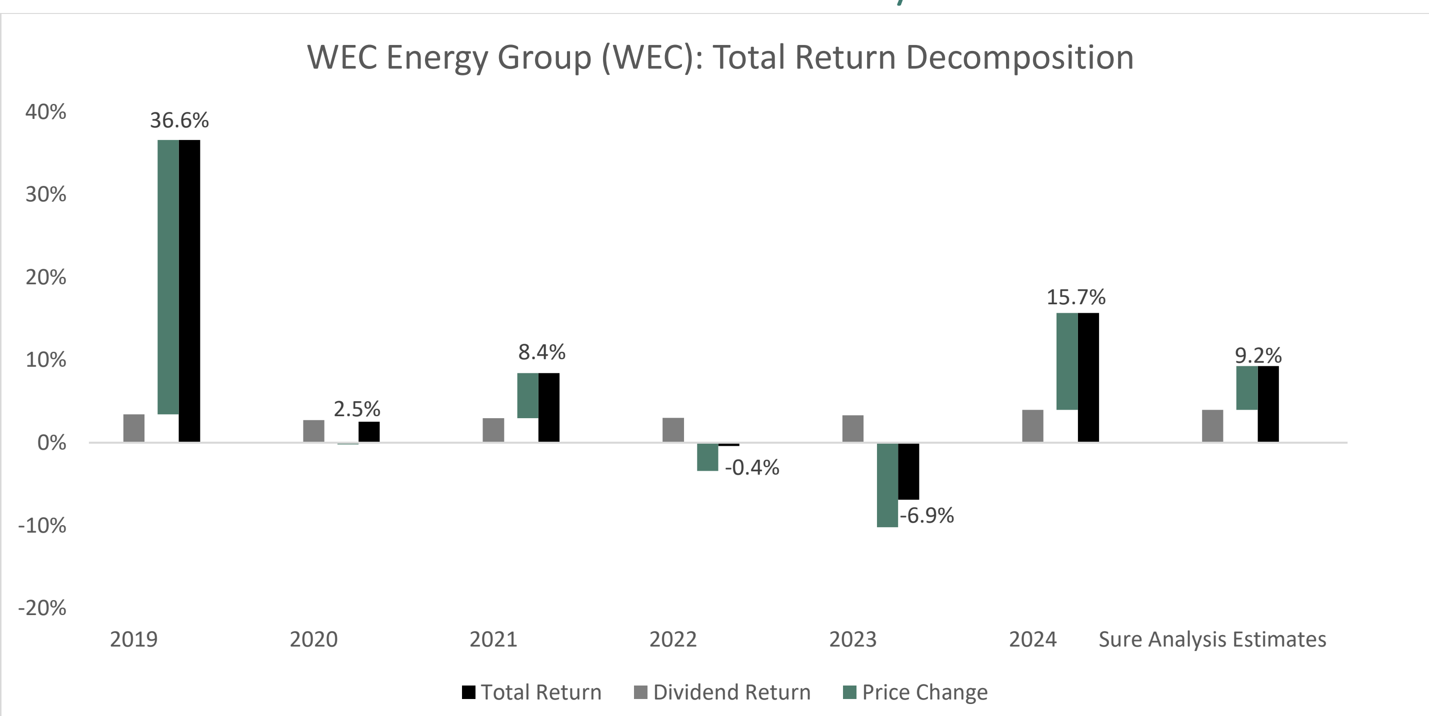
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	74%	67%	66%	66%	66%	67%	66%	65%	74%	69%	***68%***	***68%***

The expected dividend payout ratio for 2025 is 68%, which is reasonable for a utility company. WEC Energy Group has a targeted payout ratio of 65% to 70%. Earnings-per-share increased during the last recession, growing nearly 13% from 2007 to 2009. As a utility company, WEC Energy Group is likely to remain profitable during recessions as customers usually prioritize their gas and electric bills. The company can recover spending to update infrastructure through the customers it serves. WEC Energy Group's expansion into renewable energy, like wind farms, could help the company to grow at a higher than expected rate due to the potential of higher return on investments. Low unemployment and colder temperatures in its service areas should also help the company improve its financial metrics.

Final Thoughts & Recommendation

After fourth quarter results, WEC Energy Group is expected to offer a total annual return of 9.2% through 2030, up from our previous estimate of an 8.3% return. Our projected return stems from an annual earnings growth rate of 6% and a starting yield of 3.6%. WEC Energy's results during the year were somewhat mixed due to weather, but the company still turned in a record EPS result. Estimates are for further growth in the current year. We have raised our five-year price target $10 to $133 due to EPS estimates for the year, but we continue to rate shares of WEC Energy Group as a hold due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,926	7,472	7,649	7,680	7,523	7,242	8,316	9,597	8,893	8,600
Gross Profit	1,977	2,654	2,770	2,511	2,660	2,890	3,000	3,301	3,601	3,786
Gross Margin	33.4%	35.5%	36.2%	32.7%	35.4%	39.9%	36.1%	34.4%	40.5%	44.0%
D&A Exp.	584	763	799	846	926	976	1,074	1,123	1,264	1,355
Operating Profit	1,251	1,696	1,776	1,468	1,531	1,706	1,715	1,924	2,087	2,165
Operating Margin	21.1%	22.7%	23.2%	19.1%	20.4%	23.6%	20.6%	20.0%	23.5%	25.2%
Net Profit	640	940	1,205	1,061	1,135	1,201	1,302	1,409	1,333	1,528
Net Margin	10.8%	12.6%	15.8%	13.8%	15.1%	16.6%	15.7%	14.7%	15.0%	17.8%
Free Cash Flow	27	680	119	330	85	(43)	(220)	(254)	526	431
Income Tax	434	567	384	170	125	228	200	323	205	222

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	29,355	30,123	31,591	33,476	34,952	37,028	38,989	41,872	43,940	47,363
Cash & Equivalents	50	38	39	85	38	25	16	29	43	10
Accounts Receivable	1,029	1,242	1,351	1,281	1,177	1,203	1,506	1,818	1,503	1,669
Inventories	687	588	539	548	550	529	636	807	775	813
Goodwill & Int. Ass.	3,024	3,046	3,054	3,053	3,053	3,053	3,053	3,053	3,053	3,053
Total Liabilities	20,670	21,163	22,099	23,633	24,697	26,366	27,875	30,256	31,868	34,561
Accounts Payable	815	862	860	876	908	881	1,006	1,198	897	1,137
Long-Term Debt	10,377	10,176	11,033	11,799	12,689	14,227	15,460	17,111	18,652	20,024
Shareholder's Equity	8,655	8,930	9,461	9,789	10,113	10,470	10,913	11,377	11,724	12,395
LTD/E Ratio	1.19	1.14	1.16	1.20	1.25	1.36	1.41	1.50	1.59	1.61

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.9%	3.2%	3.9%	3.3%	3.3%	3.3%	3.4%	3.5%	3.1%	3.3%
Return on Equity	9.7%	10.7%	13.1%	11.0%	11.3%	11.5%	12.0%	12.4%	11.3%	12.3%
ROIC	4.5%	4.9%	6.1%	5.0%	5.1%	5.0%	5.1%	5.1%	4.5%	4.8%
Shares Out.	316	316	316	316	317	317	315	316	316	317
Revenue/Share	21.73	23.58	24.11	24.23	23.75	22.88	26.29	30.36	28.15	27.17
FCF/Share	0.10	2.15	0.38	1.04	0.27	(0.14)	(0.70)	(0.80)	1.66	1.36

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