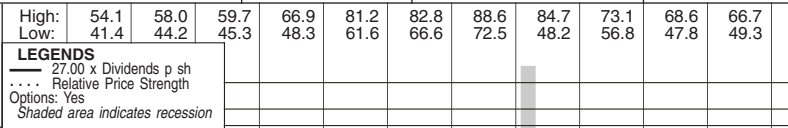


ALLETE NYSE-ALE

RECENT PRICE **62.92** P/E RATIO **16.8** (Trailing: 15.1 Median: 19.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **4.5%** VALUE LINE

TIMELINESS 3 Lowered 2/16/24
SAFETY 2 New 10/1/04
TECHNICAL 3 Raised 6/7/24
BETA .95 (1.00 = Market)



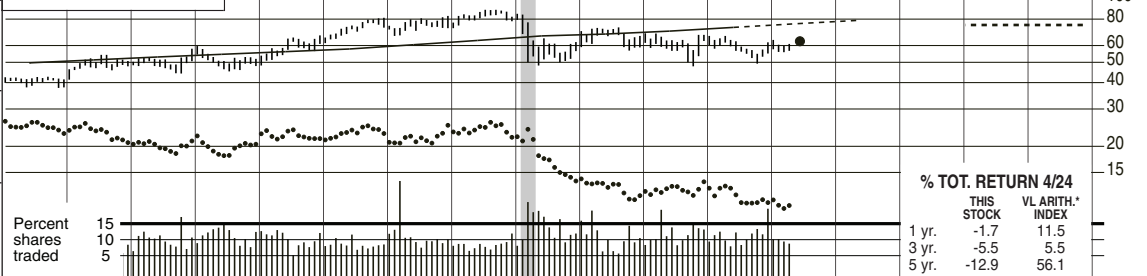
High: 54.1 58.0 59.7 66.9 81.2 82.8 88.6 84.7 73.1 68.6 66.7 65.9
 Low: 41.4 44.2 45.3 48.3 61.6 66.6 72.5 48.2 56.8 47.8 49.3 55.9

Target Price Range
 2027 2028 2029

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$53-\$82 \$68 (5%)

2027-29 PROJECTIONS
 High Price Gain Ann'l Total
 Low 100 (+60%) 16%
 75 (+20%) 9%

Institutional Decisions
 202023 302023 402023
 to Buy 159 145 156
 to Sell 123 141 153
 Hlds(000) 43650 44027 44075



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
24.57	21.57	25.34	24.75	24.40	24.60	24.77	30.27	27.01	27.78	29.10	23.99	22.44	26.68	28.04	32.65	29.50	30.50	Revenues per sh	32.80
4.23	3.57	4.35	4.91	5.01	5.35	5.68	6.79	7.08	6.59	7.37	7.24	7.52	7.54	7.70	8.67	8.80	8.80	"Cash Flow" per sh	9.65
2.82	1.89	2.19	2.65	2.58	2.63	2.90	3.38	3.14	3.13	3.38	3.33	3.35	3.23	3.38	4.30	3.75	4.10	Earnings per sh ^A	5.15
1.72	1.76	1.76	1.78	1.84	1.90	1.96	2.02	2.08	2.14	2.24	2.35	2.47	2.52	2.60	2.71	2.82	2.93	Div'd Decl'd per sh ^B = †	3.25
9.24	9.05	6.95	6.38	10.30	7.93	12.48	5.84	5.35	4.08	6.07	11.55	13.78	8.90	3.64	4.92	5.95	6.20	Cap'l Spending per sh	7.25
25.37	26.41	27.26	28.78	30.48	32.44	35.06	37.07	38.17	40.47	41.86	43.17	44.04	45.36	47.06	48.78	51.25	52.55	Book Value per sh ^C	54.00
32.60	35.20	35.80	37.50	39.40	41.40	45.90	49.10	49.60	51.10	51.50	51.70	52.10	53.20	56.01	57.58	59.00	59.00	Common Shs Outst'g ^D	61.00
13.9	16.1	16.0	14.7	15.9	18.6	17.2	15.1	18.6	23.0	22.2	24.7	18.3	20.6	18.1	13.8	17.0	17.0	Avg Ann'l P/E Ratio	17.0
.84	1.07	1.02	.92	1.01	1.05	.91	.76	.98	1.16	1.20	1.32	.94	1.11	1.05	.79	.79	.79	Relative P/E Ratio	.95
4.4%	5.8%	5.0%	4.6%	4.5%	3.9%	3.9%	4.0%	3.6%	3.0%	3.0%	2.9%	4.0%	3.8%	4.4%	4.9%	4.9%	4.9%	Avg Ann'l Div'd Yield	3.7%

CAPITAL STRUCTURE as of 3/31/24
 Total Debt \$1797.3 mill. Due in 5 Yrs \$390.7 mill.
 LT Debt \$1772.4 mill. LT Interest \$65.9 mill.
 (LT interest earned: 2.7x)

Leases, Uncapitalized Annual rentals \$5.1 mill.

Pension Assets-12/22 \$745.7 mill. Oblig \$911.7 mill.

Pfd Stock None

Common Stock 57,666,069 shs.

MARKET CAP: \$3.6 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2020	2021	2022
% Change Retail Sales (KWH)	-12.0	+11.5	+4.7
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw) ^F	1588	1557	1556
Annual Load Factor (%)	NA	NA	NA
% Change Customers (avg.)	NA	NA	NA

1136.8	1486.4	1339.7	1419.3	1498.6	1240.5	1169.1	1419.2	1570.7	1879.8	1740	1800	Revenues (\$mill)	2000
124.8	163.4	155.3	159.2	174.1	172.4	174.2	169.2	189.3	247.6	220	240	Net Profit (\$mill)	315
22.6%	19.4%	11.3%	14.8%	--	--	--	NMF	NMF	NMF	NMF	NMF	Income Tax Rate	NMF
6.3%	2.0%	1.4%	.8%	.7%	1.3%	1.1%	1.5%	1.4%	1.3%	2.0%	1.5%	AFUDC % to Net Profit	1.0%
44.2%	46.3%	42.0%	41.0%	39.9%	38.6%	41.0%	42.2%	40.8%	40.3%	39.5%	40.0%	Long-Term Debt Ratio	40.5%
55.8%	53.7%	58.0%	59.0%	60.1%	61.4%	59.0%	57.8%	59.6%	53.8%	60.5%	60.0%	Common Equity Ratio	59.5%
2882.2	3388.9	3263.4	3507.4	3584.3	3632.8	3887.8	4176.3	4457.5	4682.8	4900	5150	Total Capital (\$mill)	5550
3286.4	3669.1	3741.2	3822.4	3904.4	4377.0	4840.8	5100.2	5004.0	5013.0	5450	5500	Net Plant (\$mill)	5675
5.2%	5.8%	5.8%	5.5%	5.8%	5.6%	5.3%	4.8%	5.6%	6.5%	5.5%	5.5%	Return on Total Cap'l	6.0%
7.8%	9.0%	8.2%	7.7%	8.1%	7.7%	7.6%	7.0%	7.5%	8.8%	8.0%	8.0%	Return on Shr. Equity	9.0%
7.8%	9.0%	8.2%	7.7%	8.1%	7.7%	7.6%	7.0%	7.5%	8.8%	8.0%	8.0%	Return on Com Equity ^E	9.0%
2.5%	3.6%	2.8%	2.4%	2.7%	2.3%	2.0%	1.5%	2.5%	3.5%	2.5%	2.5%	Retained to Com Eq	3.5%
67%	60%	66%	68%	66%	70%	74%	78%	76%	70%	69%	69%	All Div'ds to Net Prof	60%

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	Year
2021	339.2 335.6 345.4 399.0	1419.2
2022	383.5 373.1 388.3 425.8	1570.7
2023	564.9 533.4 378.8 402.7	1879.8
2024	403.3 475 421.7 440	1740
2025	430 480 440 450	1800

Cal-endar	EARNINGS PER SHARE ^A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	Year
2021	.99 .53 .53 1.18	3.23
2022	1.24 .67 .59 .90	3.38
2023	1.02 .90 1.49 .89	4.30
2024	.88 .85 .80 1.22	3.75
2025	1.05 .90 .90 1.25	4.10

Cal-endar	QUARTERLY DIVIDENDS PAID ^B = †	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	Year
2020	.6175 .6175 .6175 .6175	2.47
2021	.63 .63 .63 .63	2.52
2022	.65 .65 .65 .65	2.60
2023	.6775 .6775 .6775 .6775	2.71
2024	.7050 .7050	

BUSINESS: ALLETE, Inc. is the parent of Minnesota Power, which supplies electricity to 146,000 customers in northeastern MN, & Superior Water, Light & Power in northwestern WI. Electric rev. breakdown: taconite mining/processing, 26%; wholesale, 14%; residential, 13%; commercial 13% paper/wood products, 9%; other industrial, 8%; other, 17%. ALLETE Clean Energy (ACE) owns renewable energy projects. Acq'd U.S. Water Services 2/15; sold it 3/19. Generating sources: coal, 28%; wind, 10%; other, 4%; purchased, 58%. Fuel costs: 40% of revs. '23 deprec. rate: 3.1%. Has 1,400 employees. Chairman, President & CEO: Bethany M. Owen. Inc.: Minnesota. Address: 30 West Superior St., Duluth, MN 55802-2093. Tel.: 218-279-5000. Internet: www.allete.com.

ALLETE agreed to be acquired by a combination of Canada Pension Plan Investment Board and Global Infrastructure Partners. ALE stockholders would receive \$67 per share in a deal to be taken private at a total value of \$6.2 billion. The stock price has risen nicely of late and the transaction currently represents a very slight premium to the present quotation. The deal is expected to close in mid-2025.

The company plans to spend \$4.3 billion on renewable energy over the next five years. While utilities are well positioned to benefit from artificial intelligence innovations and data centers that boost power demand, the clean-energy transition requires raising significant investments, which is very challenging for small utilities in public markets. If approved, the buyout would allow ALLETE to take advantage of the biggest demand jump in its history, and provide the utility assistance in its long-term goals. Indeed, ALLETE's largest subsidiary, Minnesota Power, has a carbon-free mandate by 2040, among other initiatives that should be easier to obtain as a private company.

We think the deal makes sense. ALLETE is looking to grow at a significant rate to keep up with the elevated demand from tech innovations. The pending acquisition should set up the company nicely in the long term to meet the all-time high power demand. This would likely not be possible as a small-cap utility in the currently volatile markets. The purchase price of \$67 per share is right near the midpoint of our 18-month Target Price Range, indicating a modest premium to our future projected stock price. ALLETE plans to retain its workforce and continue to operate locally in Minnesota.

The stock is inching closer to its buyout price. Investors seem enthused with the deal and the likelihood of it being completed, accounting for the recent run-up. If the transaction does not go through, capital appreciation potential for the 3- to 5-year time frame is above average in comparison to most of ALLETE's peers. We look for the stock to trade around \$75-\$100 by 2027-2029. ALLETE is also ranked Above Average (2) for Safety and holds a high score for Price Stability.

Zachary J. Hodgkinson June 7, 2024

(A) Diluted EPS. Excl. nonrec. gains (loss): '15, (46c); '17, 25c; '19, 26c; '19 EPS don't sum due to rounding. Next earnings report due early Aug. (B) Div's historically paid in early Mar., June, Sept. and Dec. (C) Div'd reinvest. plan avail. † Shareholder invest. plan avail. (D) Incl. deferred charges. In '23: \$9.60/sh. (E) In mill. (F) Rate base: Orig. cost depr. Rate all'd in MN on com. eq. in '18: 9.25%; earned on avg. com. eq., '21: 7.2%. Regul. Climate: Avg. (F) Summer peak in '21.

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Company's Financial Strength A
Stock's Price Stability 85
Price Growth Persistence 30
Earnings Predictability 90

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