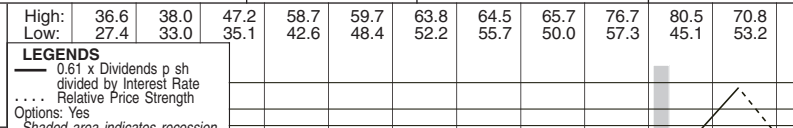


NORTHWESTERN NDQ-NWE

RECENT PRICE **60.10** P/E RATIO **18.7** (Trailing: 16.7, Median: 17.0) RELATIVE P/E RATIO **1.05** DIV'D YLD **4.2%** VALUE LINE

TIMELINESS 5 Lowered 2/25/22
SAFETY 2 Raised 7/27/18
TECHNICAL 4 Raised 4/8/22
BETA .95 (1.00 = Market)

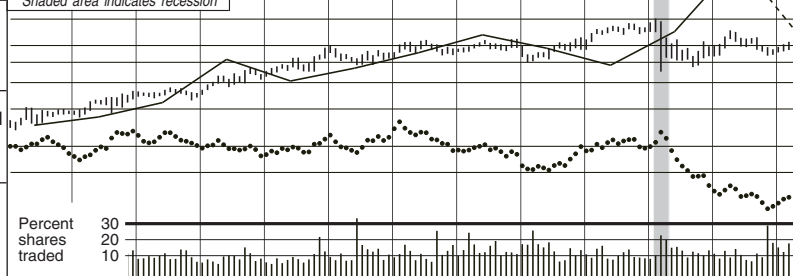


High:	36.6	38.0	47.2	58.7	59.7	63.8	64.5	65.7	76.7	80.5	70.8	62.6
Low:	27.4	33.0	35.1	42.6	48.4	52.2	55.7	50.0	57.3	45.1	53.2	55.6

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$49-\$74 \$62 (0%)

2025-27 PROJECTIONS
 High Price **80** Gain **(+35%)** Ann'l Total Return **11%**
 Low Price **55** Gain **(-10%)** Return **2%**

Institutional Decisions
 2Q2021 3Q2021 4Q2021
 to Buy 118 121 170
 to Sell 125 112 105
 Hld's(000) 47852 49375 56973



Target Price Range	2025	2026	2027
160			
120			
100			
80			
60			
50			
40			
30			
20			
15			

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
31.49	30.79	35.09	31.72	30.66	30.80	28.76	29.80	25.68	25.21	26.01	26.45	23.81	24.93	23.70	25.38	24.15	23.40	Revenues per sh	25.75
3.62	3.70	4.40	4.62	4.76	5.42	5.18	5.45	5.39	5.92	6.74	6.76	6.96	7.07	6.72	7.02	6.65	6.70	"Cash Flow" per sh	8.00
1.31	1.44	1.77	2.02	2.14	2.53	2.26	2.46	2.99	2.90	3.39	3.34	3.40	3.53	3.06	3.60	3.30	3.40	Earnings per sh ^A	4.00
1.24	1.28	1.32	1.34	1.36	1.44	1.48	1.52	1.60	1.92	2.00	2.10	2.20	2.30	2.40	2.48	2.52	2.56	Div'd Decl'd per sh ^B = †	2.70
2.81	3.00	3.47	5.26	6.30	5.20	5.89	5.95	5.76	5.89	5.96	5.60	5.64	6.26	8.02	8.03	10.05	9.10	Cap'l Spending per sh	6.50
20.65	21.12	21.25	21.86	22.64	23.68	25.09	26.60	31.50	33.22	34.68	36.44	38.60	40.42	41.10	43.28	44.55	46.15	Book Value per sh ^C	49.50
35.97	38.97	35.93	36.00	36.23	36.28	37.22	38.75	46.91	48.17	48.33	49.37	50.32	50.45	50.59	54.06	58.00	62.00	Common Shs Outst'g ^D	62.00
26.0	21.7	13.9	11.5	12.9	12.6	15.7	16.9	16.2	18.4	17.2	17.8	16.8	19.9	19.5	16.9	10.05	9.10	Avg Ann'l P/E Ratio	17.0
1.40	1.15	.84	.77	.82	.79	1.00	.95	.85	.93	.90	.90	.91	1.06	1.00	.93	1.00	.93	Relative P/E Ratio	.95
3.6%	4.1%	5.4%	5.7%	4.9%	4.5%	4.2%	3.7%	3.3%	3.6%	3.4%	3.5%	3.9%	3.3%	4.0%	4.1%	4.0%	4.1%	Avg Ann'l Div'd Yield	4.0%

CAPITAL STRUCTURE as of 12/31/21
 Total Debt \$2556.2 mill. Due in 5 Yrs \$1037.4 mill.
 LT Debt \$2553.4 mill. LT Interest \$87.8 mill.
 Incl. \$11.9 mill. finance leases.
 (LT interest earned: 2.8x)

Pension Assets-12/21 \$605.5 mill.
 Oblig \$696.8 mill.

Pfd Stock None

Common Stock 54,082,096 shs.
 as of 2/4/22

MARKET CAP: \$3.3 billion (Mid Cap)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1070.3	1154.5	1204.9	1214.3	1257.2	1305.7	1198.1	1257.9	1198.7	1372.3	1400	1450	Revenues (\$mill)	1600				
83.7	94.0	120.7	138.4	164.2	162.7	171.1	179.3	155.2	186.8	185	205	Net Profit (\$mill)	250				
9.6%	13.2%	--	13.7%	--	7.6%	--	1.6%	1.6%	1.8%	1.5%	3.0%	Income Tax Rate	12.0%				
9.4%	8.7%	8.9%	9.8%	4.3%	5.2%	3.4%	4.6%	6.3%	14.4%	16.0%	14.0%	AFUDC % to Net Profit	10.0%				
53.8%	53.5%	53.4%	53.1%	52.0%	50.2%	52.2%	52.5%	52.8%	52.2%	50.0%	49.5%	Long-Term Debt Ratio	49.0%				
46.2%	46.5%	46.6%	46.9%	48.0%	49.8%	47.8%	47.5%	47.2%	47.8%	50.0%	50.5%	Common Equity Ratio	51.0%				
2020.7	2215.7	3168.0	3408.6	3493.9	3614.5	4064.6	4289.8	4409.1	4893.1	5190	5660	Total Capital (\$mill)	6025				
2435.6	2690.1	3758.0	4059.5	4214.9	4358.3	4521.3	4700.9	4952.9	5247.2	5630	5980	Net Plant (\$mill)	6550				
5.5%	5.5%	4.8%	5.2%	5.9%	5.6%	5.2%	5.2%	4.5%	4.7%	4.5%	4.7%	Return on Total Cap'l	5.0%				
9.0%	9.1%	8.2%	8.6%	9.8%	9.0%	8.8%	8.8%	7.5%	8.0%	7.0%	7.0%	Return on Shr. Equity	8.0%				
9.0%	9.1%	8.2%	8.6%	9.8%	9.0%	8.8%	8.8%	7.5%	8.0%	7.0%	7.0%	Return on Com Equity ^E	8.0%				
3.2%	3.5%	3.8%	3.0%	4.1%	3.4%	3.2%	3.1%	1.7%	2.5%	1.5%	2.0%	Retained to Com Eq	2.5%				
65%	61%	54%	65%	58%	62%	64%	64%	78%	69%	76%	75%	All Div'ds to Net Prof	67%				

BUSINESS: NorthWestern Corporation (doing business as NorthWestern Energy) supplies electricity & gas in the Upper Midwest and Northwest, serving 456,000 electric customers in Montana and South Dakota and 298,000 gas customers in Montana (85% of gross margin), South Dakota (14%), and Nebraska (1%). Electric revenue breakdown: residential, 43%; commercial, 49%; industrial, 4%; other, 4%. Generating sources: coal, 28%; hydro, 27%; wind, 6%; other, 4%; purchased, 35%. Fuel costs: 31% of revenues. '21 reported deprec. rate: 2.8%. Has 1,500 employees. Chairman: Dana J. Dykhouse. CEO: Robert C. Rowe. President & COO: Brian B. Bird, Inc.: DE. Address: 3010 West 69th Street, Sioux Falls, SD 57108. Tel.: 605-978-2900. Internet: www.northwesternenergy.com.

ELECTRIC OPERATING STATISTICS

	2019	2020	2021
% Change Retail Sales (KWH)	+4.6	+4.4	+7
Avg. Indust. Use (MWH)	37808	33526	31792
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	2237	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.2	+1.2	+1.6

Fixed Charge Cov. (%) 284 237 252

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '19-'21
Revenues	-2.5%	-1.0%	.5%
"Cash Flow"	3.5%	3.0%	2.5%
Earnings	4.5%	2.0%	3.0%
Dividends	5.5%	5.5%	2.0%
Book Value	6.0%	4.5%	3.0%

NorthWestern's share earnings will likely decline this year. Dilution from an increase in average shares outstanding is a key reason. Last year, the company issued \$200 million in common equity, and will issue \$300 million more in 2022 and/or early 2023 through a forward equity sale. NorthWestern wants to finance its capital budget and strengthen its balance sheet. Other factors are higher property and other taxes and increased depreciation. Our estimate is at the midpoint of management's targeted range of \$3.20-\$3.40 a share.

We look for a partial earnings recovery in 2023. NorthWestern plans to file a rate case in Montana later in 2022, and thus should obtain some rate relief next year. However, average shares outstanding will once again rise due to the equity that will be issued through the forward sale agreement. Our estimate of \$3.40 a share would produce a 3% increase. This is at the low end of the company's goal for annual earnings growth of 3%-6%.

The board of directors raised the dividend in the first quarter. However, the increase, at one cent a share (1.6%) quar-

terly, was half of the hike of last year (which itself was below increases in recent years). Even if share net reaches the upper end of the company's guidance in 2022, the payout ratio will still be above its target of 60%-70%. In the long run, dividend growth will probably approximate earnings growth.

NorthWestern is adding generating capacity. Last year, the company purchased 35% of its power, and wind or solar energy cannot be dispatched. An \$80 million, 58-megawatt gas-fired plant in South Dakota is on schedule for completion soon. The utility plans to build a \$275 million, 175-mw facility in Montana, but litigation has been filed challenging the air-quality permit that was issued. This plant is scheduled to begin commercial operation during the 2023-2024 winter season.

The dividend yield of this untimely stock is about a percentage point above the utility mean. However, total return potential does not stand out for the next 18 months or for the 3- to 5-year period. The recent quotation is within our 2025-2027 Target Price Range.

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	Year
2019	384.2	270.7	274.8	328.2	1257.9
2020	335.3	269.4	280.6	313.4	1198.7
2021	400.8	298.2	326.0	347.3	1372.3
2022	410	305	330	355	1400
2023	430	315	340	365	1450

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	Year
2019	1.44	.49	.42	1.18	3.53
2020	1.00	.43	.58	1.06	3.06
2021	1.24	.72	.68	.96	3.60
2022	1.15	.50	.60	1.05	3.30
2023	1.20	.50	.60	1.10	3.40

Cal-endar	QUARTERLY DIVIDENDS PAID ^B = †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	Year
2019	.55	.55	.55	.55	2.20
2020	.575	.575	.575	.575	2.30
2021	.60	.60	.60	.60	2.40
2022	.62	.62	.62	.62	2.48
2023	.63				

The board of directors raised the dividend in the first quarter. However, the increase, at one cent a share (1.6%) quar-

terly, was half of the hike of last year (which itself was below increases in recent years). Even if share net reaches the upper end of the company's guidance in 2022, the payout ratio will still be above its target of 60%-70%. In the long run, dividend growth will probably approximate earnings growth.

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Paul E. Debbas, CFA April 22, 2022

(A) Diluted EPS. Excl. nonrecurring gains: '12, 39c net; '15, 27c; '18, 52c; '19, 45c. '20 EPS don't sum due to rounding. Next earnings report due late April. (B) Div's historically paid in late Mar., June, Sept. & Dec. (C) Div'd reinvest. plan avail. † Shareholder invest. plan avail. (D) Incl. def'd charges. In '21: \$19.39/sh. (E) In mill. (F) Rate base: Net orig. cost. Rate allowed on com. eq. in MT in '19 (elec.): 9.65%; in '17 (gas): 9.55%; in SD in '15: none specified; in NE in '07: 10.4%; earned on avg. com. eq., '21: 8.5%. Regulatory Climate: Below Average.	Company's Financial Strength	B++
	Stock's Price Stability	90
	Price Growth Persistence	45
	Earnings Predictability	90