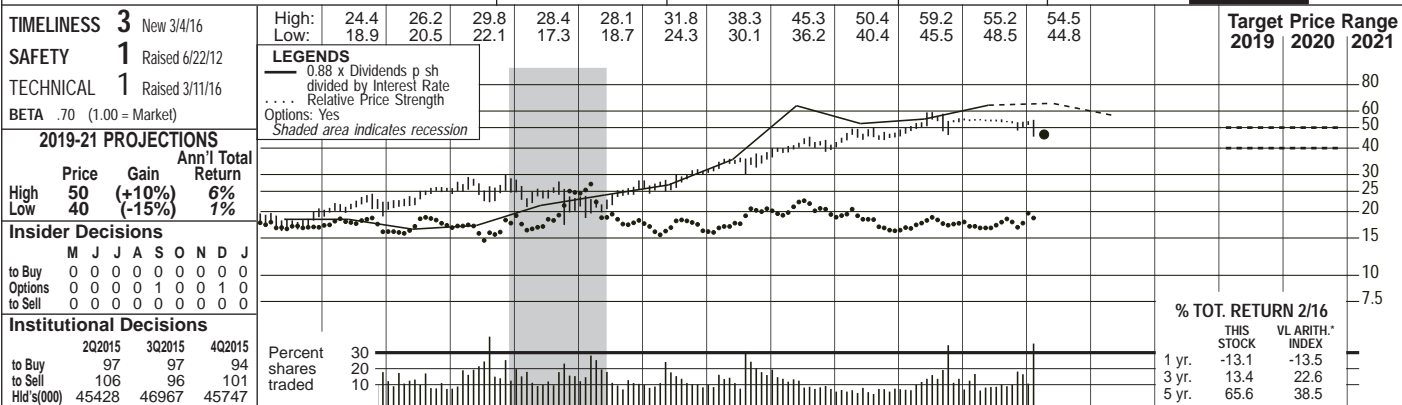


# CLECO CORPORATION NYSE-CNL

RECENT PRICE **46.42** P/E RATIO **20.5** (Trailing: 21.1; Median: 15.0) RELATIVE P/E RATIO **1.16** DIV'D YLD **3.6%** VALUE LINE



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
18.23	23.55	15.33	18.54	15.03	18.41	17.38	17.19	17.99	14.17	18.98	18.53	16.46	18.14	21.01	20.00	21.05	22.15	Revenues per sh	25.25
2.77	2.94	3.05	2.98	2.56	2.76	2.63	2.69	3.71	3.78	5.12	5.28	5.40	5.32	5.15	4.85	5.10	5.35	"Cash Flow" per sh	6.50
1.46	1.51	1.52	1.26	1.32	1.42	1.36	1.32	1.70	1.76	2.29	2.59	2.70	2.65	2.55	2.20	2.25	2.35	Earnings per sh <sup>A</sup>	2.75
.85	.87	.90	.90	.90	.90	.90	.90	.90	.90	.98	1.12	1.30	1.43	1.56	1.60	1.63	1.68	Div'd Decl'd per sh <sup>B</sup>	1.80
2.52	1.10	1.91	1.58	1.61	3.19	4.11	8.51	5.59	4.15	4.68	3.25	4.06	3.12	3.44	2.60	4.30	3.05	Cap'l Spending per sh	3.25
10.04	10.69	11.77	10.09	10.83	13.69	15.22	16.85	17.65	18.50	21.76	23.55	24.84	26.24	26.93	27.70	28.35	29.05	Book Value per sh <sup>C</sup>	31.50
44.99	44.96	47.04	47.18	49.62	49.99	57.57	59.94	60.04	60.26	60.53	60.29	60.36	60.45	60.42	60.50	60.50	60.50	Common Shs Outst'g <sup>D</sup>	60.50
13.2	14.6	12.2	12.4	13.8	15.0	17.3	19.6	14.1	13.2	12.3	13.3	15.0	17.3	20.5	24.4	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	16.0
.86	.75	.67	.71	.73	.80	.93	1.04	.85	.88	.78	.83	.95	.97	1.08	1.24			Relative P/E Ratio	1.00
4.4%	3.9%	4.8%	5.8%	5.0%	4.2%	3.8%	3.5%	3.8%	3.9%	3.5%	3.3%	3.2%	3.1%	3.0%	3.0%			Avg Ann'l Div'd Yield	4.0%

**2019-21 PROJECTIONS**  
 Price: High 50, Low 40  
 Gain: +10%, Return: 6%  
**Insider Decisions**  
 M J J A S O N D J  
 to Buy: 0 0 0 0 0 0 0 0 0 0  
 Options: 0 0 0 0 1 0 0 1 0  
 to Sell: 0 0 0 0 0 0 0 0 0 0  
**Institutional Decisions**  
 2Q2015 3Q2015 4Q2015  
 to Buy: 97 97 94  
 to Sell: 106 96 101  
 Hlds(000): 45428 46967 45747  
 Percent shares traded: 30, 20, 10

**CAPITAL STRUCTURE as of 9/30/15**  
 Total Debt \$1226.6 mill. Due in 5 Yrs \$466.2 mill.  
 LT Debt \$1207.2 mill. LT Interest \$69.4 mill.  
 Incl. \$4.4 million capitalized leases.  
 (LT interest earned: 3.5x)  
**Leases, Uncapitalized** Annual rentals \$10.3 mill.  
**Pension Assets-12/14** \$412.8 mill.  
**Pfd Stock** None  
**Common Stock** 60,482,051 shs.  
 as of 10/21/15  
**MARKET CAP: \$2.8 billion (Mid Cap)**

**ELECTRIC OPERATING STATISTICS**

	2012	2013	2014
% Change Retail Sales (KWH)	-3.4	+1.4	-3
Avg. Indust. Use (MWH)	3814	3870	3756
Avg. Indust. Revs. per KWH (c)	6.83	7.50	7.49
Capacity at Peak (Mw)	3315	3315	3360
Peak Load, Summer (Mw)	2282	2278	2612
Annual Load Factor (%)	55.1	57.0	57.1
% Change Customers (avg.)	+6	+6	+5

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14
Revenues	1.5%	2.5%	4.5%
"Cash Flow"	6.5%	9.5%	3.0%
Earnings	7.0%	10.5%	.5%
Dividends	5.0%	9.5%	3.5%
Book Value	9.0%	8.0%	3.0%

**QUARTERLY REVENUES (\$ mill.)**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	240.9	263.9	328.8	263.1	1096.7
2014	284.4	309.1	371.4	304.6	1269.5
2015	295.4	289.1	345.5	279.4	1209.4
2016	305	310	355	305	1275
2017	320	325	375	320	1340

**EARNINGS PER SHARE <sup>A</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.45	.69	1.09	.41	2.65
2014	.43	.60	1.17	.35	2.55
2015	.44	.50	.90	.36	2.20
2016	.35	.55	1.00	.35	2.25
2017	.40	.57	1.03	.35	2.35

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.3125	.3125	.3375	.3375	1.30
2013	.3375	.3625	.3625	.3625	1.43
2014	.3625	.40	.40	.40	1.56
2015	.40	.40	.40	.40	1.60
2016	.40				

**BUSINESS:** Cleco Corporation is a holding company for Cleco Power LLC, which supplies electricity to about 286,000 customers in central Louisiana. Electric revenue breakdown: residential, 46%; commercial, 30%; industrial, 14%; other, 10%. Largest industrial customers are paper mills and other wood-product industries. Generating sources: gas & oil, 26%; petroleum coke, 26%; coal & lignite, 23%; purchased, 25%. Fuel costs: 44% of revenues. <sup>14</sup> reported depreciation rate (utility): 2.7%. Has 1,200 employees. Chairman: J. Patrick Garrett. President & CEO: Bruce A. Williamson. Incorporated: Louisiana. Address: 2030 Donahue Ferry Road, P.O. Box 5000, Pineville, Louisiana 71361-5000. Telephone: 318-484-7400. Internet: www.cleco.com.

**The Louisiana Public Service Commission (LPSC) rejected the proposed acquisition of Cleco.** An investor group led by Macquarie Infrastructure Partners and British Columbia Energy agreed to pay \$55.37 a share in cash for each share of Cleco. However, some intervenors opposed the transaction, and the LPSC did not approve it. Whether the objection was more related to foreign ownership or the specific deal is uncertain.

**The companies have not given up.** They asked the LPSC for an immediate rehearing, and requested placement on the LPSC's Supplemental Agenda for its meeting on March 16th (in between the time this report went to press and the time it came out in print). If the companies' request proves unsuccessful, they can seek relief in the courts. However...

**The stock is trading as though the deal is already dead.** Due to the LPSC's rejection of the proposed combination, the share price of Cleco is down 11% year to date, in what has been a good year for most utility equities. Because the stock is no longer trading on takeover considerations, we restored its Timeliness rank.

**We estimate that earnings will advance this year and next.** In 2015, costs associated with the proposed acquisition (included in our earnings presentation) reduced profits by \$0.08 a share. We figure that these expenses will be lower this year, and nonexistent in 2017. In addition, the utility benefits from a formula rate-making plan that provides some additional revenues every year without having to file a general rate case. Note that Cleco has not provided earnings guidance for 2016, nor has it stated any expectation for the dividend.

**If the deal is terminated, we think there is a chance of a dividend increase in the second quarter.** The board of directors has not raised the disbursement while the attempted takeover was pending. We look for an increase of a cent a share (2.5%) in the quarterly payout at the first dividend meeting following the termination of the proposed acquisition.

**The dividend yield of Cleco stock is about equal to the mean for electric utilities.** Total return potential over the 3- to 5-year period is unimpressive. Paul E. Debbas, CFA March 18, 2016