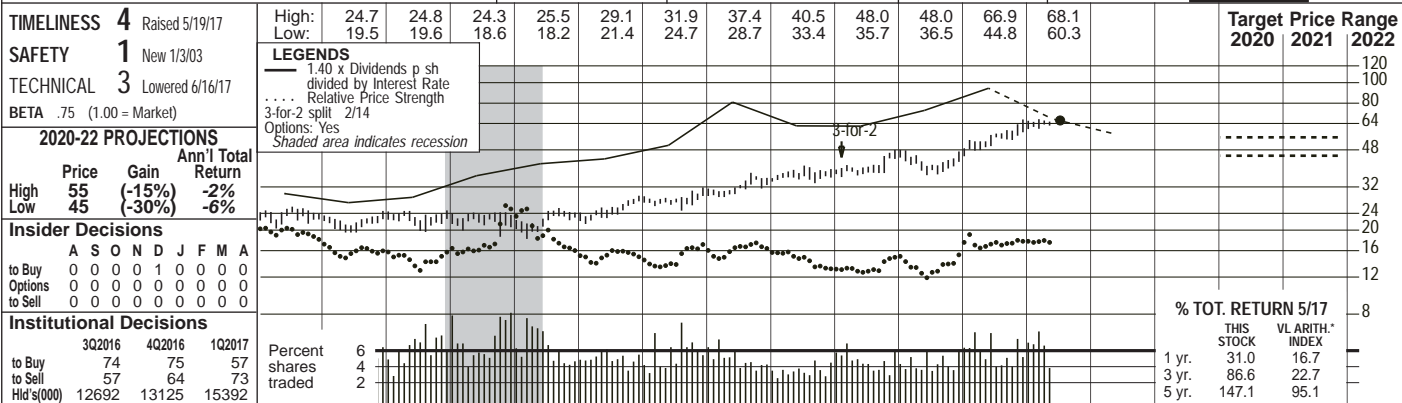


MGE ENERGY INC. NDQ-MGEE

RECENT PRICE **66.10** P/E RATIO **27.5** (Trailing: 29.4 Median: 16.0) RELATIVE P/E RATIO **1.40** DIV'D YLD **1.9%** VALUE LINE



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
13.03	13.17	14.59	13.89	16.73	16.13	16.33	17.35	15.40	15.36	15.76	15.61	17.04	17.88	16.27	15.71	16.55	17.55	Revenues per sh	20.85
2.52	2.22	1.96	1.92	2.00	2.34	2.46	2.68	2.66	2.76	2.94	2.98	3.32	3.49	3.33	3.47	3.90	4.30	"Cash Flow" per sh	5.40
1.08	1.13	1.14	1.18	1.05	1.37	1.51	1.59	1.47	1.67	1.76	1.86	2.16	2.32	2.06	2.18	2.40	2.55	Earnings per sh A	3.25
.89	.89	.90	.91	.92	.93	.94	.96	.97	.99	1.01	1.04	1.07	1.11	1.16	1.21	1.25	1.30	Div'd Decl'd per sh B	1.45
1.65	2.97	3.02	3.13	2.80	2.94	4.14	3.08	2.35	1.76	1.88	2.84	3.43	2.67	2.08	2.41	2.55	2.80	Cap'l Spending per sh	3.45
8.45	8.62	9.56	11.06	11.21	11.93	12.99	13.92	14.47	15.14	15.89	16.71	17.81	19.02	19.92	20.89	22.30	23.55	Book Value per sh E	28.90
25.61	26.36	27.52	30.59	30.68	31.46	32.93	34.36	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	35.00	35.00	Common Shs Outst'g C	36.00
14.8	16.0	17.5	18.0	22.4	15.9	15.0	14.2	15.1	15.0	15.8	17.2	17.0	17.2	20.3	24.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0
.76	.87	1.00	.95	1.19	.86	.80	.85	1.01	.95	.99	1.09	.96	.91	1.02	1.31			Relative P/E Ratio	1.00
5.5%	5.0%	4.5%	4.3%	3.9%	4.3%	4.1%	4.2%	4.4%	4.0%	3.6%	3.2%	2.9%	2.8%	2.8%	2.2%			Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 3/31/17

Total Debt \$395.9 mill. Due in 5 Yrs \$57.8 mill.
 LT Debt \$391.5 mill. LT Interest \$20.0 mill.
 (LT interest earned: 7.2x)

Leases, Uncapitalized Annual rentals \$1.3 mill.
Pension Assets-12/16 \$311.9 mill.
Obligation \$349.6 mill.

Pfd Stock None

Common Stock 34,668,370 shs. as of 4/30/17
MARKET CAP: \$2.3 billion (Mid Cap)

	2014	2015	2016	
% Change Retail Sales (KWH)	-0.5	-0.3	1.1	
Avg. Indust. Use (MWH)	2463	2484	2329	
Avg. Indust. Revs. per KWH (¢)	7.78	8.17	7.55	
Capacity at Peak (Mw)	NA	NA	NA	
Peak Load, Summer (Mw)	783	783	783	
Annual Load Factor (%)	NA	NA	NA	
% Change Customers (avg.)	NA	NA	NA	

	2014	2015	2016	
Fixed Charge Cov. (%)	702	616	645	

BUSINESS: MGE Energy Inc. is a holding company for Madison Gas and Electric. It provides electric service to about 149,000 customers in Dane County and gas service to 154,000 customers in seven counties in Wisconsin. Electric revenue breakdown, '16: residential, 34%; commercial, 53%; industrial, 4%; public authorities, 9%. Generating sources, '16: coal, 48%; purchased power, 30%; natural gas and other, 22%. Fuel costs: 21% of rev. '16 depr. rate: 3.5%. Has 704 employees. Off. and dir. own less than 1% of common; The Vanguard Group, Inc., 9.2%; BlackRock, Inc., 6.3% (3/17 proxy). Chairman: Gary J. Wolter. Pres. & CEO: Jeffrey M. Keebler. Inc.: WI. Addr.: 133 South Blair St., Madison, WI 53788. Tel.: 608-252-7000. Web: www.mgeenergy.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 to '20-'22

Revenues	.5%	1.5%	4.0%
"Cash Flow"	5.0%	4.5%	8.0%
Earnings	6.0%	6.0%	7.0%
Dividends	2.5%	3.0%	4.0%
Book Value	6.0%	5.5%	6.5%

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	210.3	128.8	135.1	145.7	619.9
2015	170.1	122.1	140.8	131.0	564.0
2016	147.5	121.6	136.7	138.9	544.7
2017	156.8	130	145	148.2	580
2018	165	140	152	158.2	615

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.80	.41	.67	.44	2.32
2015	.53	.39	.82	.32	2.06
2016	.49	.47	.80	.42	2.18
2017	.56	.50	.85	.49	2.40
2018	.58	.54	.90	.53	2.55

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.2634	.2634	.2717	.2717	1.07
2014	.2717	.2717	.2825	.2825	1.11
2015	.2825	.2825	.2950	.2950	1.16
2016	.2950	.2950	.3075	.3075	1.21
2017	.3075	.3075			

Shares of MGE Energy are trading near an all-time high. The stock has advanced nicely in price over the past couple of years. Earnings rebounded moderately in 2016, and the current year is shaping up to be a good one. The company posted moderate top-line growth for the March quarter. Earnings per share advanced roughly 14%, to \$0.56. Electric net income increased during the period, helped by lower fuel costs and savings from the company's ongoing efforts to control operating expenses. Gas net income was relatively flat year over year. Looking forward, we anticipate favorable comparisons for the coming quarters, and healthy growth in revenues and earnings for full-year 2017.

MGE is seeking regulatory approval to build its largest wind farm to date. It is looking to construct, own, and operate a 66-megawatt wind farm near Saratoga, Iowa. Assuming approval, construction of the project is expected to begin in early 2018, with an estimated capital cost of \$107 million.

Long-term prospects appear fairly good. MGE's utility businesses ought to further benefit from favorable

demographics in its service territories. Growth in the residential customer base will likely remain a performance driver. Measures to control costs should support profitability. All things considered, we look for moderate growth in revenues and earnings per share for the company over the pull to early next decade.

Investors should probably look elsewhere at this time. This stock is unfavorably ranked for year-ahead relative price performance. Looking further out, this equity lacks long-term total return potential, as the shares presently trade at a price-to-earnings multiple that is well in excess of their historical average. Also, the dividend yield is subpar for a utility.

A pullback in the stock price some time in the future may offer a more attractive entry point. The company has built a track record of fairly consistent bottom-line growth over the past decade, and we expect this pattern will continue in the coming years. MGE earns high marks for Safety, Financial Strength, Price Stability, and Earnings Predictability. Volatility is below average, as well.

Michael Napoli, CFA June 16, 2017

(A) Diluted earnings. Next earnings report due early August. (B) Dividends historically paid in mid-March, June, September, and December. (C) Dvd. reinvestment plan available. (D) Rate allowed on common equity in '16: 10.2%; earned on common equity, '16: 10.4%. Regulatory Climate: Above Average. (E) Includes regulatory assets.

In 2016: \$164.9 mill., \$4.76 per share.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	70
Earnings Predictability	90