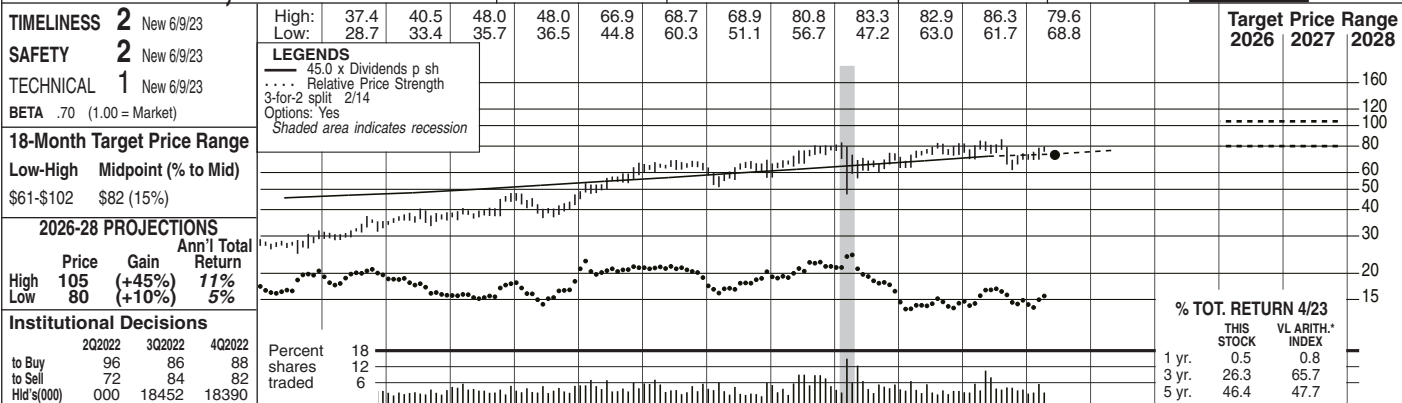


# MGE ENERGY, INC. NDQ-MGEE

RECENT PRICE **72.62** P/E RATIO **21.7** (Trailing: 24.5; Median: 25.0) RELATIVE P/E RATIO **1.32** DIV'D YLD **2.2%** VALUE LINE



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
16.33	17.35	15.40	15.36	15.76	15.61	17.04	17.88	16.27	15.71	16.24	16.15	16.41	14.89	16.77	19.76	<b>20.35</b>	<b>20.75</b>	Revenues per sh	<b>23.50</b>
2.46	2.68	2.66	2.76	2.94	2.98	3.28	3.49	3.33	3.47	3.73	4.06	4.57	4.61	5.05	5.43	<b>5.85</b>	<b>6.25</b>	"Cash Flow" per sh	<b>7.00</b>
1.51	1.59	1.47	1.67	1.76	1.86	2.16	2.32	2.06	2.18	2.20	2.43	2.51	2.60	2.92	3.07	<b>3.35</b>	<b>3.60</b>	Earnings per sh <sup>A</sup>	<b>4.00</b>
.94	.96	.97	.99	1.01	1.04	1.07	1.11	1.16	1.21	1.26	1.32	1.38	1.45	1.52	1.59	<b>1.63</b>	<b>1.70</b>	Div'd Decl'd per sh <sup>B</sup>	<b>1.95</b>
4.14	3.08	2.35	1.76	1.88	2.84	3.43	2.67	2.08	2.41	3.12	6.12	4.73	5.62	4.24	4.84	<b>4.65</b>	<b>4.00</b>	Cap'l Spending per sh	<b>5.25</b>
12.99	13.92	14.47	15.14	15.89	16.71	17.81	19.02	19.92	20.89	22.45	23.56	24.68	26.99	28.41	29.91	<b>30.45</b>	<b>31.80</b>	Book Value per sh <sup>C</sup>	<b>33.00</b>
32.93	34.36	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	36.16	36.16	36.16	<b>36.16</b>	<b>36.16</b>	Common Shs Outst'g <sup>D</sup>	<b>36.16</b>
15.0	14.2	15.1	15.0	15.8	17.2	17.0	17.2	20.3	24.9	29.4	25.1	28.4	26.4	25.5	24.7	<b>24.7</b>	<b>24.7</b>	Avg Ann'l P/E Ratio	<b>23.0</b>
.80	.85	1.01	.95	.99	1.09	.96	.91	1.02	1.31	1.48	1.36	1.51	1.36	1.38	1.43	<b>1.43</b>	<b>1.43</b>	Relative P/E Ratio	<b>1.25</b>
4.1%	4.2%	4.4%	4.0%	3.6%	3.2%	2.9%	2.8%	2.8%	2.2%	2.0%	2.2%	1.9%	2.1%	2.0%	2.1%	<b>2.0%</b>	<b>2.1%</b>	Avg Ann'l Div'd Yield	<b>2.1%</b>

CAPITAL STRUCTURE as of 3/31/23		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Revenues (Smill)	850
Total Debt \$687.8 mill. Due in 5 Yrs \$120.8 mill.		590.9	619.9	564.0	544.7	563.1	559.8	568.9	538.6	606.6	714.5	<b>735</b>	<b>750</b>	Revenues (Smill)	<b>850</b>						
LT Debt \$652.8 mill. LT Interest \$26.6 mill.		74.9	80.3	71.3	75.6	76.1	84.2	86.9	92.4	105.8	111.0	<b>120</b>	<b>130</b>	Net Profit (Smill)	<b>145</b>						
Incl. \$17.1 mill. finance leases. (LT interest earned: 2.7x)		37.5%	37.5%	36.7%	36.0%	36.4%	24.6%	18.5%	17.4%	3.7%	19.1%	<b>18.0%</b>	<b>18.0%</b>	Income Tax Rate	<b>11.0%</b>						
Leases, Uncapitalized Annual rentals \$2.0 mill. Pension Assets-12/22 \$370 mill. Oblig \$63.8 mill.		5.6%	5.7%	1.3%	2.1%	2.1%	5.2%	3.6%	8.7%	6.3%	1.0%	<b>4.0%</b>	<b>4.0%</b>	AFUDC % to Net Profit	<b>1.0%</b>						
Pfd Stock None		39.3%	37.5%	36.2%	34.6%	33.8%	37.7%	38.0%	35.5%	38.1%	35.8%	<b>37.5%</b>	<b>37.5%</b>	Long-Term Debt Ratio	<b>39.0%</b>						
Common Stock 36,163,370 shs. as of 4/26/23		60.7%	62.5%	63.8%	65.4%	66.2%	62.3%	62.0%	64.5%	61.9%	64.2%	<b>62.5%</b>	<b>62.5%</b>	Common Equity Ratio	<b>61.0%</b>						
MARKET CAP: \$2.6 billion (Mid Cap)		1016.9	1054.7	1081.5	1106.9	1176.3	1310.0	1379.4	1512.8	1659.0	1684.0	<b>1775</b>	<b>1850</b>	Total Capital (Smill)	<b>2000</b>						
ELECTRIC OPERATING STATISTICS		1160.2	1208.1	1243.4	1282.1	1341.4	1509.4	1642.7	1769.4	1878.8	1971.1	<b>2050</b>	<b>2100</b>	Net Plant (Smill)	<b>2300</b>						
% Change Retail Sales (KWH)		8.3%	8.6%	7.5%	7.7%	7.3%	7.2%	7.1%	6.8%	7.1%	7.4%	<b>7.0%</b>	<b>7.0%</b>	Return on Total Cap'l	<b>7.5%</b>						
Avg. Indust. Use (MWH)		12.1%	12.2%	10.3%	10.4%	9.8%	10.3%	10.2%	9.5%	10.3%	10.3%	<b>11.0%</b>	<b>11.5%</b>	Return on Shr. Equity	<b>12.0%</b>						
Avg. Indust. Revs. per KWH (c)		12.1%	12.2%	10.3%	10.4%	9.8%	10.3%	10.2%	9.5%	10.3%	10.3%	<b>11.0%</b>	<b>11.5%</b>	Return on Com Equity <sup>E</sup>	<b>12.0%</b>						
Capacity at Peak (Mw)		6.1%	6.4%	4.5%	4.7%	4.2%	4.7%	4.6%	4.2%	5.0%	4.9%	<b>5.5%</b>	<b>6.0%</b>	Retained to Com Eq	<b>6.0%</b>						
Peak Load, Summer (Mw)		50%	48%	56%	55%	57%	54%	55%	56%	52%	52%	<b>49%</b>	<b>47%</b>	All Div'ds to Net Prof	<b>49%</b>						
Annual Load Factor (%)																					
% Change Customers (yr-end)																					

**BUSINESS:** MGE Energy, Inc. is a holding company for Madison Gas and Electric Company (MGE), which provides electric service to 161,000 customers in Dane County and gas service to 173,000 customers in nine counties in Wisconsin. Electric revenue breakdown: residential, 35%; commercial, 50%; industrial, 3%; other, 12%. Generating sources: coal, 35%; gas, 16%; renewables, 22%; purchased power, 27%. Fuel costs: 36% of revenues. '22 reported depreciation rates: electric, 3.2%; gas, 2.1%; nonregulated, 2.3%. Has about 700 employees. Chairman, President & CEO: Jeffrey M. Keebler. Incorporated: Wisconsin. Address: 133 South Blair Street, P.O. Box 1231, Madison, Wisconsin 53701-1231. Telephone: 608-252-7000. Internet: www.mgeenergy.com.

**We are initiating coverage of MGE Energy, Inc. this week in The Value Line Investment Survey.** The corporation is a holding company for Madison Gas and Electric Company (MGE), which serves the Wisconsin area. The company operates through the following segments: regulated electric utility, regulated gas utility, non-regulated energy, and transmission investments among others. In 2022, MGE's electric operations generated 65% of its total regulated revenues, while gas operations accounted for 35%. As a public utility, MGE is regulated by both the Public Service Commission of Wisconsin (PSCW) and the Federal Energy Regulatory Commission (FERC). Additionally, its subsidiaries must comply with local, state, and federal laws on air quality, water treatment, and solid waste disposal.

**The utility posted mixed first-quarter results.** Revenues increased 4% year over year, to \$217 million. However, the per-share GAAP earnings slipped 9% over the previous-year tally, to \$0.86. During the quarter, the company experienced lower electric (-3%) and gas (-14%) retail sales due to warmer-than-normal weather.

**Our near-term share-earnings stance is cautiously optimistic.** We are assuming normal weather conditions in the coming quarters. The company should benefit from rate relief and management of operating expenses. Hence, we estimate 2023 and 2024 per-share profits to advance approximately 9% and 7%, respectively.

**MGE has submitted a rate application for 2024/2025 to state regulators.** The utility has proposed a 3.75% increase for electric and a 2.56% increase for gas rates in 2024. For 2025, MGE is requesting a 3.41% increase in electric and a 1.66% hike in gas rates. The PSCW is expected to make a final decision by the end of 2023. Additionally, the agency is reviewing deferred fuel costs, which should be completed by the end of this year, too.

**Timely shares of MGE Energy have trended upward in price over the past 52 weeks.** The issue has modest total return potential. The dividend yield is also on the lower side for a utility. Nonetheless, the company has a track record of stable operating performance and earns a high mark for Safety (2: Above Average).

*Emma Jalees*  
June 9, 2023

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	149.9	117.0	135.2	136.5	538.6
2021	167.9	130.7	145.9	162.1	606.6
2022	209.0	152.3	163.4	189.8	714.5
2023	217.3	145	155	163.7	735
2024	220	160	170	200	750

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.75	.53	.88	.44	2.60
2021	.96	.63	.97	.36	2.92
2022	.96	.60	.93	.58	3.07
2023	.86	.70	1.05	.74	3.35
2024	.90	.75	1.10	.85	3.60

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.338	.388	.352	.352	1.38
2020	.352	.352	.37	.37	1.45
2021	.37	.37	.388	.388	1.52
2022	.388	.388	.408	.408	1.59
2023	.407	.407			

(A) GAAP Diluted earnings. Excludes non-recurring gain: '17, 62c. '19 earnings don't sum due to rounding. Next earnings report due early August. (B) Div'ds historically paid in mid-March, June, September, and December. (C) Includes regulatory assets. In '22: \$196.6 mill., \$5.44/sh. (D) In millions, adj for split. (E) Rate allowed on common equity in '22: 9.8%; Regulatory Climate: Above Average.