# ALLETE, Inc. Reports Third Quarter Earnings of 53 Cents; Reaffirms 2021 Earnings Guidance Range

November 4, 2021

DULUTH, Minn.--(BUSINESS WIRE)--Nov. 4, 2021-- ALLETE, Inc. (NYSE: ALE) today reported third quarter 2021 earnings of 53 cents per share on net income of $27.6 million. Last year's results were 78 cents per share on net income of $40.7 million.

"ALLETE is making significant progress on strategic initiatives, which will result in future earnings growth, driven by improved returns at our businesses and from our ongoing transformation to cleaner energy," said ALLETE Chair, President and CEO Bethany Owen. "We are excited about the future as all of our ALLETE businesses execute ALLETE's sustainability in action strategy, including Minnesota Power's vision to provide carbon-free energy by 2050 and ALLETE Clean Energy's strategy to expand beyond wind, enabling its customers to achieve their sustainability goals."

ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light and Power and the Company's investment in the American Transmission Co., recorded net income of $32.9 million, compared to $42.4 million in the third quarter of 2020. Third quarter 2021 earnings reflect lower net income at Minnesota Power primarily due to increased operating and maintenance expense, higher property taxes and negative timing impacts related to the recording of income tax expense compared to 2020, which vary quarter to quarter based on an estimated annual effective tax rate and are expected to reverse during the fourth quarter. Results from 2021 also reflect higher kilowatt-hour sales to residential, commercial and municipal customers, and higher industrial customer margins, partially offset by lower revenue from the idled Verso paper facility.

ALLETE Clean Energy recorded a third quarter 2021 net loss of $800,000 compared to net income of $1.1 million in 2020. Net income in 2021 reflects lower wind resources and availability.

Corporate and Other, which includes BNI Energy and ALLETE Properties, recorded a third quarter net loss of $4.5 million in 2021 compared to a net loss of $2.8 million in 2020. The increased net loss is primarily due to higher expenses.

"Our consolidated financial results are as expected for the quarter," said ALLETE Senior Vice President and Chief Financial Officer Bob Adams. "ALLETE's 2021 full year results are anticipated to be in the range of $3.00 to $3.30 per share, on a consolidated basis, transitioning to increased earnings in 2022 and beyond."

**Live Webcast on November 4, 2021; conference call slides posted on company website**

ALLETE's earnings conference call will be at 10:00 a.m. (EST), November 4, 2021, at which time management will discuss the third quarter of 2021 financial results. Interested parties may listen live by calling 877-303-5852, pass code 8090438, ten minutes prior to the start time, or may listen to the live audio-only webcast and view supporting slides, which will be available on ALLETE's Investor Relations website http://investor.allete.com/events-presentations. A replay of the call will be available through November 11, 2021 by calling (855) 859-2056, pass code 8090438. The webcast will be accessible for one year at www.allete.com.

ALLETE is an energy company headquartered in Duluth, Minn. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth, BNI Energy in Bismarck, N.D., and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com. *ALE-CORP*

*The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.*

*ALLETE's press releases and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company's financial statements.*

*Non-GAAP financial measures utilized by the company include presentations of earnings (loss) per share. ALLETE's management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of changes in the fundamental earnings power of the company's operations, such as the charge for the recent Minnesota Power rate case resolution. Management believes that the presentation of non-GAAP financial measures is appropriate and enables investors and analysts to more accurately compare the company's ongoing financial performance over the periods presented. See page 4 in this release for a reconciliation of 2020 annual GAAP earnings guidance range to 2020 annual adjusted earnings guidance range (Non-GAAP).*

**ALLETE, Inc.**

**Consolidated Statement of Income**

Millions Except Per Share Amounts - Unaudited

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **Operating Revenue** | | | | |
| Contracts with Customers – Utility | $304.8 | $255.1 | $888.2 | $721.2 |

| | | | | |
|---|---|---|---|---|
| Contracts with Customers – Non-utility | 37.7 | 35.9 | 123.4 | 119.0 |
| Other – Non-utility | 2.9 | 2.9 | 8.6 | 8.5 |
| Total Operating Revenue | 345.4 | 293.9 | 1,020.2 | 848.7 |
| **Operating Expenses** | | | | |
| Fuel, Purchased Power and Gas – Utility | 140.1 | 93.4 | 389.4 | 251.7 |
| Transmission Services – Utility | 19.2 | 14.9 | 56.1 | 49.8 |
| Cost of Sales – Non-utility | 15.2 | 15.4 | 47.8 | 48.6 |
| Operating and Maintenance | 66.7 | 61.9 | 200.1 | 181.9 |
| Depreciation and Amortization | 57.5 | 53.4 | 173.4 | 161.3 |
| Taxes Other than Income Taxes | 15.6 | 13.3 | 52.1 | 40.9 |
| Total Operating Expenses | 314.3 | 252.3 | 918.9 | 734.2 |
| **Operating Income** | 31.1 | 41.6 | 101.3 | 114.5 |
| **Other Income (Expense)** | | | | |
| Interest Expense | (17.3) | (16.3) | (51.8) | (47.9) |
| Equity Earnings | 4.4 | 5.1 | 14.3 | 16.7 |
| Other | 1.0 | 2.9 | 6.1 | 9.1 |
| Total Other Expense | (11.9) | (8.3) | (31.4) | (22.1) |
| **Income Before Income Taxes** | 19.2 | 33.3 | 69.9 | 92.4 |
| **Income Tax Benefit** | (4.9) | (5.5) | (19.3) | (27.8) |
| **Net Income** | 24.1 | 38.8 | 89.2 | 120.2 |
| Net Loss Attributable to Non-Controlling Interest | (3.5) | (1.9) | (18.1) | (6.9) |
| **Net Income Attributable to ALLETE** | $27.6 | $40.7 | $107.3 | $127.1 |
| **Average Shares of Common Stock** | | | | |
| Basic | 52.4 | 51.9 | 52.3 | 51.8 |
| Diluted | 52.5 | 52.0 | 52.3 | 51.9 |
| **Basic Earnings Per Share of Common Stock** | $0.53 | $0.78 | $2.05 | $2.45 |
| **Diluted Earnings Per Share of Common Stock** | $0.53 | $0.78 | $2.05 | $2.45 |
| **Dividends Per Share of Common Stock** | $0.63 | $0.6175 | $1.89 | $1.8525 |

**Consolidated Balance Sheet**

Millions - Unaudited

| | Sep. 30 2021 | Dec. 31, 2020 | | Sep. 30 2021 | Dec. 31, 2020 |
|---|---|---|---|---|---|
| **Assets** | | | **Liabilities and Equity** | | |
| Cash and Cash Equivalents | $59.0 | $44.3 | Current Liabilities | $646.0 | $459.6 |
| Other Current Assets | 219.7 | 210.6 | Long-Term Debt | 1,649.4 | 1,593.2 |
| Property, Plant and Equipment – Net | 5,053.1 | 4,840.8 | Deferred Income Taxes | 187.1 | 195.7 |
| Regulatory Assets | 502.9 | 480.9 | Regulatory Liabilities | 509.5 | 524.8 |
| Equity Investments | 317.8 | 301.2 | Defined Benefit Pension and Other Postretirement Benefit Plans | 207.6 | 225.8 |
| Other Non-Current Assets | 179.7 | 206.8 | Other Non-Current Liabilities | 278.1 | 285.3 |
| | | | Equity | 2,854.5 | 2,800.2 |
| **Total Assets** | $6,332.2 | $6,084.6 | **Total Liabilities and Equity** | $6,332.2 | $6,084.6 |

| **ALLETE, Inc.** | **Quarter Ended September 30,** | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|
| **Income (Loss)** | **2021** | **2020** | **2021** | **2020** |
| Millions | | | | |
| Regulated Operations | $32.9 | $42.4 | $99.4 | $111.0 |
| ALLETE Clean Energy | (0.8) | 1.1 | 11.7 | 16.8 |
| Corporate and Other | (4.5) | (2.8) | (3.8) | (0.7) |
| Net Income Attributable to ALLETE | $27.6 | $40.7 | $107.3 | $127.1 |
| **Diluted Earnings Per Share** | $0.53 | $0.78 | $2.05 | $2.45 |

| **Statistical Data** | | | | |
|---|---|---|---|---|
| Corporate | | | | |
| Common Stock | | | | |
| High | $73.10 | $61.32 | $73.10 | $84.71 |
| Low | $58.89 | $49.91 | $58.89 | $48.22 |
| Close | $59.52 | $51.74 | $59.52 | $51.74 |

| | | | | |
|---|---|---|---|---|
| Book Value | $44.51 | $43.89 | $44.51 | $43.89 |

**Kilowatt-hours Sold**

| Millions | | | | |
|---|---|---|---|---|
| Regulated Utility | | | | |
| Retail and Municipal | | | | |
| Residential | 268 | 268 | 846 | 835 |
| Commercial | 360 | 345 | 1,018 | 983 |
| Industrial | 1,778 | 1,410 | 5,351 | 4,547 |
| Municipal | 147 | 147 | 445 | 434 |
| Total Retail and Municipal | 2,553 | 2,170 | 7,660 | 6,799 |
| Other Power Suppliers | 1,253 | 967 | 3,695 | 2,495 |
| Total Regulated Utility Kilowatt-hours Sold | 3,806 | 3,137 | 11,355 | 9,294 |

**Regulated Utility Revenue**

| Millions | | | | |
|---|---|---|---|---|
| Regulated Utility Revenue | | | | |
| Retail and Municipal Electric Revenue | | | | |
| Residential | $34.8 | $32.2 | $107.3 | $93.3 |
| Commercial | 43.2 | 36.5 | 119.6 | 99.5 |
| Industrial | 139.2 | 109.3 | 405.7 | 315.0 |
| Municipal | 14.4 | 11.2 | 38.5 | 30.5 |
| Total Retail and Municipal Electric Revenue | 231.6 | 189.2 | 671.1 | 538.3 |
| Other Power Suppliers | 41.2 | 30.9 | 116.9 | 96.6 |
| Other (Includes Water and Gas Revenue) | 32.0 | 35.0 | 100.2 | 86.3 |
| Total Regulated Utility Revenue | $304.8 | $255.1 | $888.2 | $721.2 |

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*Investor Contact:*
Vince Meyer
218-723-3952
vmeyer@allete.com

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