MGE Energy (MGEE)

Updated March 25th, 2026, by Kody Kester

Key Metrics

Current Price:	$76	**5 Year CAGR Estimate:**	9.4%	**Market Cap:**	$2.8B
Fair Value Price:	$79	**5 Year Growth Estimate:**	6.5%	**Ex-Dividend Date:**	06/01/26[1]
Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.7%	**Dividend Payment Date:**	06/15/26
Dividend Yield:	2.5%	**5 Year Price Target**	$108	**Years of Dividend Growth:**	50
Dividend Risk Score:	A	**Sector:**	Utilities	**Rating:**	Buy

Overview & Current Events

MGE Energy, Inc. (MGEE) is a diversified utility holding company headquartered in Madison, Wisconsin that provides electricity and natural gas distribution services primarily through its principal subsidiary, Madison Gas and Electric Company.

Focused on serving residential, commercial and industrial customers in south-central and western Wisconsin, MGEE also invests in renewable energy generation, battery storage, and smart grid technologies as part of its long-term strategy to enhance sustainability and grid resilience. The company's regulated utility operations aim to balance reliable service delivery with ongoing capital investment in infrastructure and clean energy resources, and it joined the ranks of the Dividend Kings last summer, with its 50th consecutive year of dividend growth.

On February 24th, 2026, MGEE shared its financial results for the fourth quarter ended December 31st, 2025. The company's operating revenue rose by 10.6% year-over-year to $189.6 million during the quarter, which was made possible by growth in both the Electric segment and the Gas segment. In the former segment, MGEE's revenue was boosted by the Darien Solar Project (25 megawatts) and the Paris Battery Energy Storage System being completed earlier in the year. This helped the company to begin recouping the capital costs and generating a return on these investments in the quarter. In the latter segment, a normalization of winter weather led to a surge in residential and commercial heating consumption for the quarter. MGEE's diluted EPS edged 4.9% higher over the year-ago period to $0.64 during the quarter. Operating expenses growth exceeded operating revenue growth (higher depreciation and amortization expenses and higher O&M costs from a larger rate base) in the quarter. This is because of the timing mismatch from when MGEE spends money and when the Public Service Commission of Wisconsin allows them to collect it back from customers.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.18	$2.23	$2.43	$2.51	$2.60	$2.92	$3.07	$3.25	$3.33	$3.72	***$3.95***	***$5.41***
DPS	$1.21	$1.26	$1.32	$1.38	$1.44	$1.51	$1.59	$1.67	$1.75	$1.85	***$1.90***	***$2.48***
Shares[2]	34.7	34.7	34.7	34.7	36.2	36.2	36.2	36.2	36.5	36.6	***36.6***	***37.0***

Since 2016, MGEE's diluted EPS has compounded by just over 6% annually. Moving forward, we think that this growth will further accelerate to 6.5% annually. In November, MGEE upped its five-year capital spending plan from $1.4 billion to $1.7 billion for 2025 through 2029. This was mostly due to an announced agreement to acquire a 33% ownership stake in the RockGen Energy Center for $203 million and new renewable projects. Since that time, MGEE has upped its five-year capitals spending plan once more to $1.9 billion for 2026 through 2030. This is because of dropping the relatively lower-spending 2025 from the model and adding 2030, which is a peak year for its decarbonization ambitions.

[1] Estimated based on past dividend dates.
[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	30.0	28.3	24.6	30.8	26.9	28.2	22.9	22.3	28.0	21.1	***19.3***	***20.0***
Avg. Yld.	1.9%	2.0%	2.2%	1.8%	2.1%	1.8%	2.3%	2.3%	1.9%	2.4%	***2.5%***	***2.3%***

Over the last decade, MGEE's valuation multiple has ranged from as low as the high-teens currently to the low-30s in the mid- to late 2010s. Over that time, the average P/E ratio was just above 26. In the past five years, the average P/E ratio was slightly below 25. Looking ahead, we think that a realistic fair value multiple for MGEE is around 20. That's because, while the company's growth profile is very strong, the interest rate environment will remain somewhat of a drag on the P/E ratio. Compared to the current-year P/E ratio of 19.3, MGEE's shares are trading just below our fair value P/E ratio.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	56%	57%	54%	55%	55%	52%	52%	51%	53%	50%	***48%***	***46%***

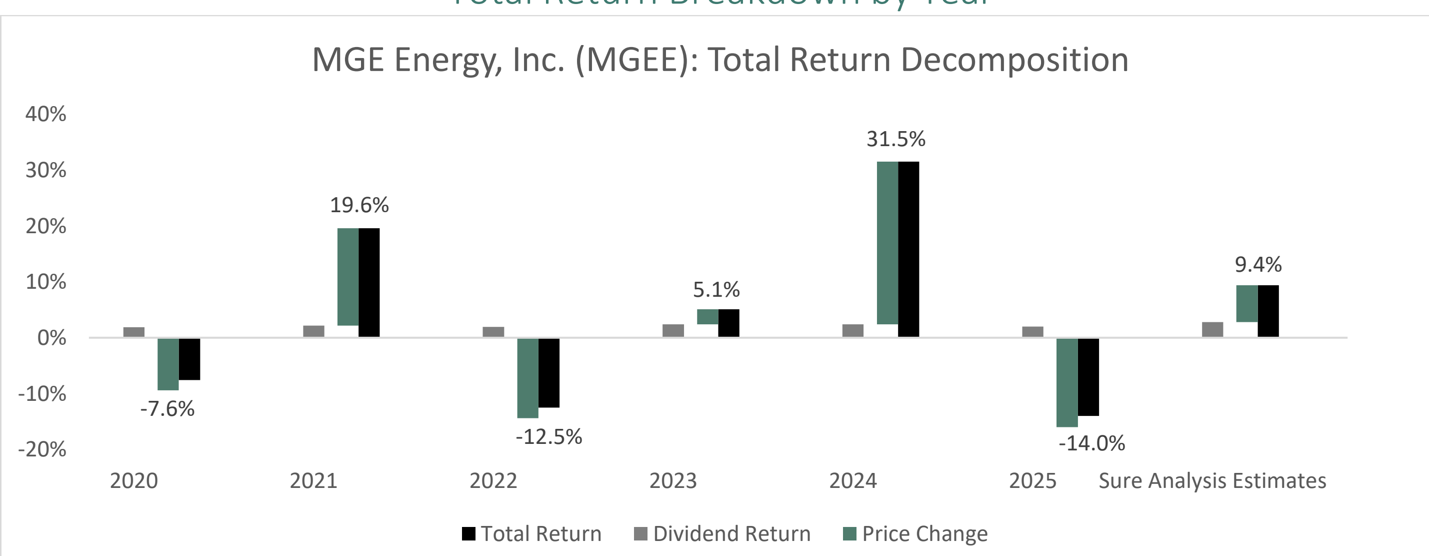
The competitive advantage for MGEE is no different than its regulated utility peers: An effective monopoly in its service territories. When blended with the mitigation factor of regulatory oversight, this provides rather predictable earnings growth for the company each year (having grown diluted EPS in each of the last 10 years).

Where MGEE really shines is its balance sheet. The company's interest coverage ratio was 5x in 2025. For a regulated utility, this is a very safe interest coverage ratio. That's what earns it an AA- S&P credit rating with a stable outlook, which is the highest credit rating of any investor-owned regulated utility in the country. MGEE's dividend is also very safe, with the payout ratio likely to be in the high-40% range in 2026. This gives it plenty of room for mid-single digit percentage annual growth

Final Thoughts & Recommendation

MGE appears overvalued right now. We are forecasting total annualized returns for the next five years to be 9.4% as multiple contraction will partially offset the dividend and earnings-per-share growth. We move the stock from hold to buy on stronger total return prospects and its exemplary dividend history.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	545	563	560	569	539	607	715	690	677	744
Gross Profit	161	152	133	130	131	134	155	182	176	198
Gross Margin	29.6%	26.9%	23.8%	22.8%	24.4%	22.1%	21.7%	26.4%	25.9%	26.6%
Operating Profit	141	132	114	110	111	115	135	160	152	174
Operating Margin	25.9%	23.5%	20.3%	19.3%	20.7%	18.9%	18.8%	23.2%	22.4%	23.4%
Net Profit	76	98	84	87	92	106	111	118	121	136
Net Margin	13.9%	17.3%	15.0%	15.3%	17.2%	17.4%	15.5%	17.0%	17.8%	18.3%
Free Cash Flow	64	23	(59)	(34)	(31)	(16)	(21)	15	41	(80)
Income Tax	43	22	27	20	19	4	26	28	11	21

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,801	1,855	1,989	2,082	2,254	2,372	2,518	2,675	2,828	3,155
Cash & Equivalents	100	110	84	24	45	18	12	12	22	7
Accounts Receivable	70	74	72	66	69	81	98	80	87	100
Inventories	41	44	42	45	47	52	74	73	68	64
Total Liabilities	1,077	1,077	1,172	1,226	1,278	1,344	1,436	1,535	1,598	1,851
Accounts Payable	48	48	46	55	55	64	59	65	77	118
Long-Term Debt	387	423	498	562	549	645	666	751	797	841
Shareholder's Equity	724	778	817	856	976	1,027	1,082	1,140	1,230	1,304
LTD/E Ratio	0.53	0.55	0.63	0.66	0.62	0.63	0.68	0.69	0.65	0.72

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.3%	5.3%	4.4%	4.3%	4.3%	4.6%	4.5%	4.5%	4.4%	4.5%
Return on Equity	10.7%	13.0%	10.6%	10.4%	10.1%	10.6%	10.5%	10.6%	10.2%	10.7%
ROIC	6.9%	8.4%	6.7%	6.3%	6.2%	6.5%	6.3%	6.3%	6.1%	6.4%
Shares Out.	34.7	34.7	34.7	34.7	36.2	36.2	36.2	36.2	36.5	36.6
Revenue/Share	15.71	16.24	16.15	16.41	15.13	16.77	19.75	19.08	18.68	20.33
FCF/Share	1.84	0.67	(1.71)	(0.97)	(0.86)	(0.43)	(0.59)	0.43	1.13	(2.19)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.