



NorthWestern Corp. (NWE)

Updated May 15th, 2026, by Ian Bezek

Key Metrics

Current Price:	\$70	5 Year Annual Expected Total Return:	7.3%	Market Cap:	\$4.4 B
Fair Value Price:	\$64	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	06/15/26
% Fair Value:	110%	5 Year Valuation Multiple Estimate:	-1.9%	Dividend Payment Date:	06/30/26
Dividend Yield:	3.8%	5 Year Price Target	\$85	Years Of Dividend Growth:	21
Dividend Risk Score:	D	Sector:	Utilities	Rating:	Hold

Overview & Current Events

NorthWestern Corp. is a Sioux Falls, South Dakota based electricity and gas utility. It has 1,570 employees, and primarily serves the states of South Dakota and Montana. The company has been dramatically overhauling its energy generation fleet. While NorthWestern long relied on coal for the majority of its power production, that has now shifted with wind, solar, and hydroelectric accounting for approximately 55% of total combined power generation today. The company opened a small new power plant in 2022 and just completed a much larger new one which began commercial operations in August 2024. NorthWestern spent a total of \$310 million for that plant, and it came in on-time and on-budget. This plant helps the company to have adequate generation capacity to meet demand at peak hours, improving efficiency.

On July 29th, 2024, the company announced the purchase of the Energy West natural gas utility distribution system, adding 33,000 additional customers. Additionally, it acquired the Avista and Puget Colstrip interests in January 2026.

On April 29th, 2026, NorthWestern announced its Q1 2026 earnings. Adjusted earnings-per-share of \$1.31 grew from the \$1.22 reported in the same period of last year. Revenues of \$498 million grew 7% year-over-year.

Q1 earnings were slightly above prior estimates, and we have bumped up our 2026 EPS estimate a touch as a result. However, that didn't have much impact on NorthWestern's stock price. That's because fellow power utility Black Hills (BKH), in August 2025, announced an all-stock takeover offer for NorthWestern. It is offering 0.98 shares of Black Hills stock in exchange for NorthWestern. Analysts have warmed up to the deal, suggesting that the combined company could have significant upside due to AI electricity demand growth. In its Q1 earnings release, NorthWestern management suggested that the deal remains on-track for completion sometime in the back half of 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$3.39	\$3.34	\$3.40	\$3.53	\$3.06	\$3.60	\$3.18	\$3.22	\$3.40	\$3.58	\$3.75	\$5.02
DPS	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40	\$2.48	\$2.52	\$2.56	\$2.60	\$2.64	\$2.68	\$2.96
Shares¹	48	49	50	50	51	54	56	61	61	62	62	62

Since 2016, NorthWestern Corp. has grown its earnings-per-share by an average compound rate of just 0.6%. Meanwhile, it has grown its dividend by 3.1% per year on average over the same period. NorthWestern's earnings growth has slowed significantly in recent years, with 2025's earnings being only fractionally above where the company was back in 2019. The company's dividend hikes have also slowed down, with 2026's increase being by just one cent per quarter.

In light of more favorable recent developments, however, we are forecasting a more upbeat 6.0% intermediate-term earnings growth rate as the company appears to have reached a positive operational inflection point.

The company recently completed a heavy investment cycle with its new power facilities. This came unfortunately timed with a surge in interest rates, which increased financing costs. As such, it's understandable why NorthWestern has moved to smaller dividend increases than it has historically achieved. We believe dividend growth would remain fairly modest if NorthWestern remains an independent entity, though we expect the Black Hills merger to succeed which would render the future growth question mute.

¹ In millions.

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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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	17.2	17.8	16.8	19.9	19.5	16.9	18.2	16.5	14.9	16.5	18.7	17.0
Avg. Yld.	3.4%	3.5%	3.9%	3.3%	4.0%	4.1%	4.3%	4.8%	4.9%	4.5%	3.8%	3.5%

NorthWestern has historically had a stable P/E ratio with its average not going above 20 or below ~15 over the past decade. Shares are slightly above their historical average today, and we see the company's long-term P/E multiple settling at 17 if the company remains an independent entity going forward.

The company's dividend yield has generally run between the mid-3% to low 4% range. The current 3.8% dividend yield is in-line with that. Of note, assuming the merger goes through, Black Hills is offering a 3.8% dividend yield today, implying that NorthWestern shareholders would see minimal change to the position's income stream.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	59%	63%	65%	65%	78%	69%	79%	80%	76%	74%	71%	59%

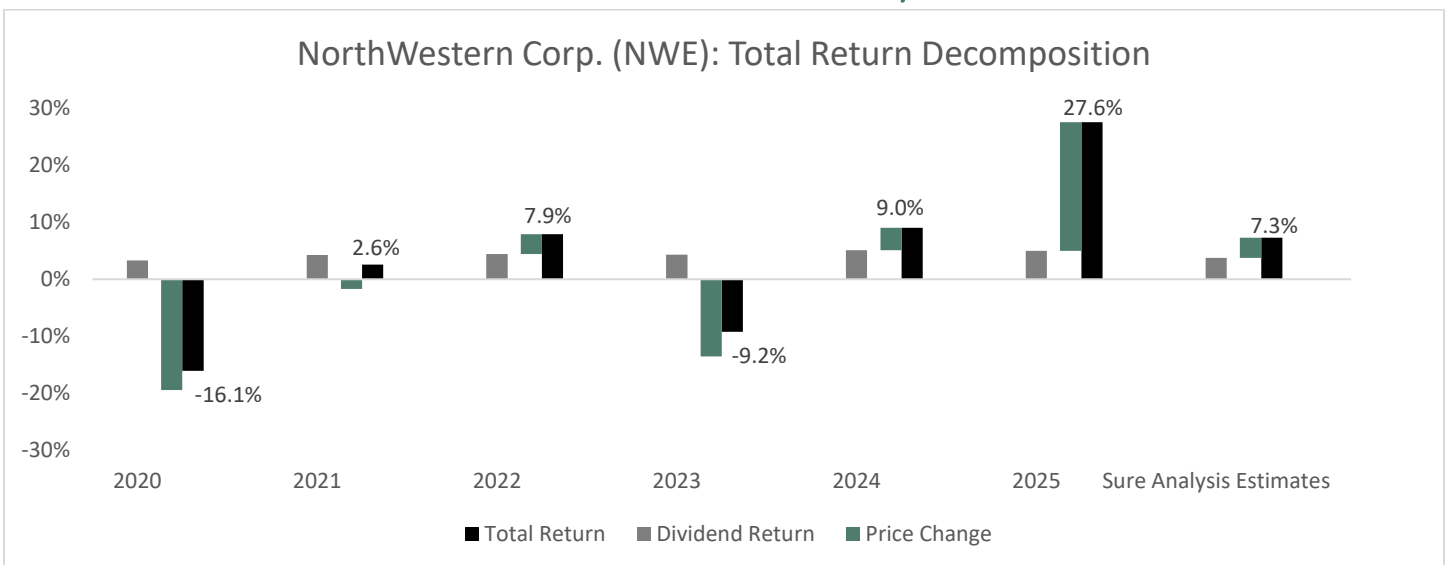
NorthWestern is somewhat on the small side as far as publicly traded utilities go and could face some geographical risk if anything happens to curb power demand in key states such as South Dakota and Montana. The company could face risk from wildfires across heavily forested mountainous parts of its service area. However, recent legislation in Montana should cap potential wildfire liabilities and make financial costs more manageable when natural disasters occur. In the big picture, utilities, as an industry, are highly resilient and tend to fare relatively well during economic duress.

NorthWestern aims to maintain its dividend payout ratio between 60% and 70%. However, it has now moved above this based on the past few years' earnings.

Final Thoughts & Recommendation

The Black Hills merger offer has been a game-changer for NorthWestern shares. NWE stock moved up significantly since the deal announcement and shares are now up 27% over the past year. This has pushed shares to being slightly above our estimated fair value estimate. However, that is understandable given the pending merger offer for the company. If the merger were to fail, we would estimate 7.3% annualized total returns over the next five years. NorthWestern shares earn a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,257	1,306	1,192	1,258	1,199	1,372	1,478	1,422	1,514	1,611
Gross Profit	856	895	919	940	892	947	986	781	852	951
Gross Margin	68.1%	68.6%	77.1%	74.7%	74.5%	69.0%	66.7%	54.9%	56.3%	59.0%
SG&A Exp.	294	295	307	109	94	102	114	117	137	158
Operating Profit	255	272	266	277	236	276	263	300	323	326
Operating Margin	20.3%	20.8%	22.3%	22.0%	19.7%	20.1%	17.8%	21.1%	21.3%	20.25%
Net Profit	164	163	197	202	155	187	183	194	224	181
Net Margin	13.1%	12.5%	16.5%	16.1%	12.9%	13.6%	12.4%	13.6%	14.8%	11.2%
Free Cash Flow	(1)	46	98	(19)	(54)	(214)	(208)	(78)	(143)	(130)
Income Tax	(8)	13	(19)	(20)	(11)	3	(0.6)	7.5	(9.4)	6.5

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,499	5,421	5,644	6,083	6,389	6,780	7,318	7,194	7,998	8,737
Cash & Equivalents	5	8	8	5	6	3	8,489	7,601	4,283	31
Acc. Receivable	160	182	162	167	168	199	245	212	188	210
Inventories	49	52	51	54	61	81	107	115	123	133
Total Liabilities	358	358	358	358	358	358	4,653	4,851	5,140	5,851
Accounts Payable	3,823	3,622	3,702	4,044	4,310	4,441	202	124	112	130
Long-Term Debt	79	85	87	97	100	115	2,619	2,785	3,095	3,288
Total Equity	2,094	2,113	2,102	2,233	2,415	2,541	2,665	2,785	2,858	2,886
LTD/E Ratio	1,676	1,799	1,942	2,039	2,079	2,340	0.98	1.00	1.08	1.19

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.1%	3.0%	3.6%	3.4%	2.5%	2.8%	2.6%	2.6%	2.9%	2.1%
Return on Equity	10.0%	9.4%	10.5%	10.2%	7.5%	8.5%	7.3%	7.1%	7.9%	6.3%
ROIC	4.5%	4.2%	5.0%	4.9%	3.5%	4.0%	3.6%	3.6%	3.9%	3.0%
Shares Out.	48.3	49.4	50.3	50.4	50.6	54.1	56.3	60.4	61.4	61.5
Revenue/Share	25.94	26.83	23.73	24.94	23.71	26.54	26.25	23.56	24.67	26.17
FCF/Share	(0.02)	0.95	1.95	(0.38)	(1.06)	(4.15)	(3.69)	(1.29)	(2.32)	(2.11)

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

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