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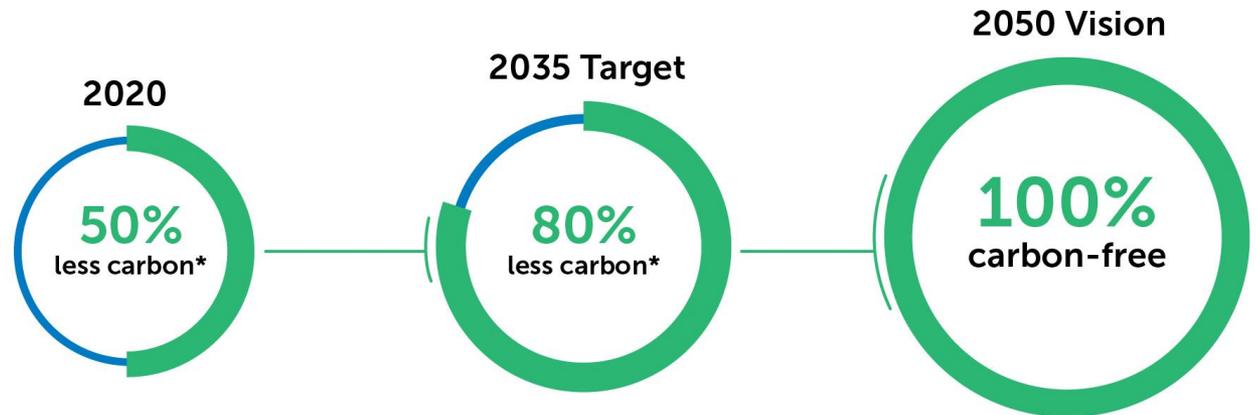
2020 Year End  
Earnings Report Presentation

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February 17, 2021

# OUR 100% CARBON-FREE ENERGY VISION

We are committed to making a sustainable transition to a **reliable, affordable and carbon-free** energy mix for our customers.



\*From 2005 levels

# ALLETE Earnings *(millions)*

## Year Ended December 2020

	<b>2020</b>	<b>2019</b>
Regulated Operations	\$136.3 <sup>1)</sup>	\$154.4
ALLETE Clean Energy	29.9	12.4
U.S. Water Services	-	(1.1)
Corporate and Other	8.0	19.9 <sup>2)</sup>
<b>Net Income Attributable to ALLETE</b>	<b>\$174.2</b>	<b>\$185.6</b>
<b>Diluted Earnings Per Share of Common Stock</b>	<b>\$3.35</b>	<b>\$3.59</b>

See slide on page 4 for earnings per share impacts related to:

- 1) 2020 included a reserve for interim rates of \$8.3 million after-tax
- 2) 2019 included the gain on sale of U.S. Water Services of \$13.2 million after-tax

# ALLETE Earnings Per Share

## Year Ended December 2020

	<b>2020</b>	<b>2019</b>
<b>Earnings Per Share</b>	<u>\$3.35</u>	<u>\$3.59</u>
Impacts on Earnings Per Share		
<b>Rate Case Resolution</b>		
Regulated Operations	(0.16)	
<b>U.S. Water Services Gain and Results</b>		
U.S. Water Services – Results of Operations		(0.02)
Corporate and Other – Gain on Sale		0.26

# Consolidated Earnings *(millions)*

## Fourth Quarter December 2020

	2020	2019
Regulated Operations	\$25.3	\$40.2
ALLETE Clean Energy	13.1	5.9
U.S. Water Services	-	-
Corporate and Other	8.7	3.6 <sup>1)</sup>
Net Income Attributable to ALLETE	\$47.1	\$49.7
Diluted Earnings Per Share of Common Stock	\$0.90	\$0.96

See slide on page 6 for earnings per share impacts related to:

- 1) 2019 included the favorable settlement of U.S. Water Services patent infringement case resulting in an increase in the gain on sale of U.S. Water Services of \$2.1 million after-tax



# ALLETE Earnings Per Share

## Fourth Quarter December 2020

	2020	2019
<b>Earnings Per Share</b>	<u>\$0.90</u>	<u>\$0.96</u>
Impacts on Earnings Per Share		
<b>Gain on Sale of U.S. Water Services</b>		
Corporate and Other		0.04
		<hr/>



# 2021 Guidance Highlights; 2022 Preliminary Guidance

## 2021 Guidance Range \$3.00 - \$3.30 per share

- |                                            |                 |
|--------------------------------------------|-----------------|
| • Regulated Operations                     | \$2.30 - \$2.50 |
| • ALLETE Clean Energy, Corporate and Other | \$0.70 - \$0.80 |

## Key Factors, Expectations, Considerations and Assumptions

### • Regulated Operations

- Reflects a full year of Minnesota Power rate increase for the 2020 rate case settlement (eight months in 2020).
- 2021 industrial sales of approximately 6.0 million to 6.5 million megawatt-hours (MWh), which reflects anticipated production from our taconite customers of approximately 35 million tons in 2021.
- Continued impact from the COVID-19 pandemic impacting commercial, other industrial and municipal sales.
- Lower revenue due to an expiring power sales agreement in April 2020.
- Higher operating and maintenance expense of approximately 3 percent as compared to 2020.
- Assumes that we will achieve reasonable outcomes in regulatory proceedings.
- Excludes any favorable outcome of our deferred accounting filing for lost sales in 2020 and anticipated in 2021.

### • ALLETE Clean Energy

- ALLETE Clean Energy expects approximately 3.2 million MWh in 2021 (2.1 million MWh in 2020) in total wind generation, with the expectation of normal wind patterns.
- South Peak and Diamond Spring in-service full year (in-service April and December of 2020, respectively).
- Caddo in service by end of 2021 with no impact to earnings in 2021.
- PTCs are estimated to be approximately \$21 million in 2021.
- Higher depreciation expense due to additional plant in-service.

### • Corporate and Other

- Similar results at BNI Energy, Inc. and ALLETE Properties, LLC.
- Nobles 2 Power Partners, LLC wind energy facility in-service full year (in-service fourth quarter of 2020).

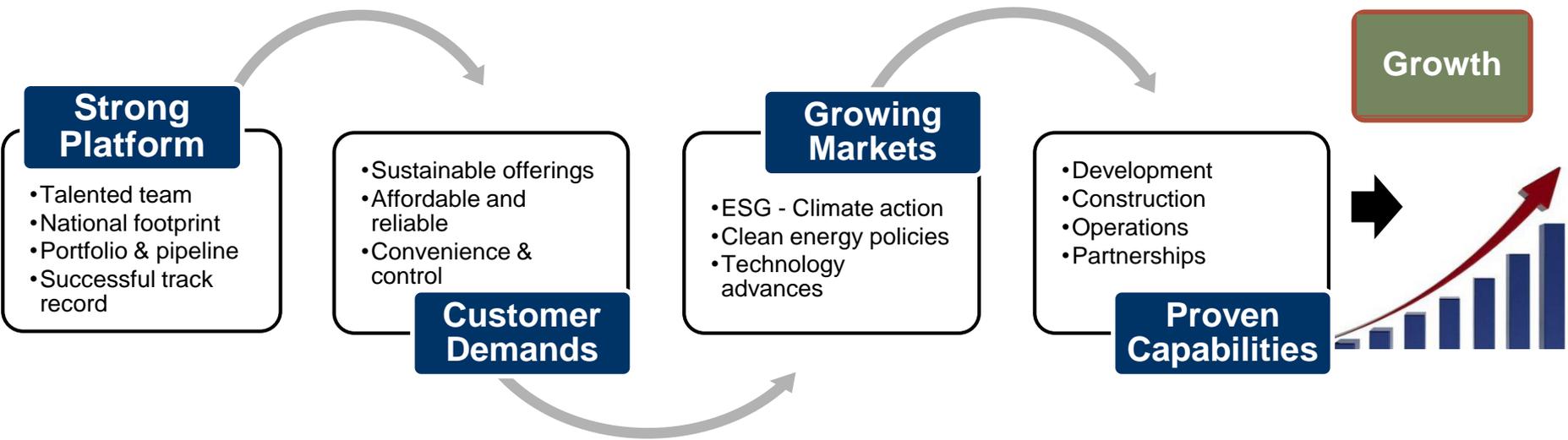
### • *Minimal equity issuances*

- *Guidance excludes the impact, if any, of possible acquisitions or additional development projects*



## 2022 Preliminary Guidance Range \$3.70 - \$4.00 per share

# Driving Growth – Delivering Clean Energy Solutions



ALLETE Clean Energy’s strong customer and industry relationships, capabilities and nationwide clean energy platform position the company well to provide more comprehensive clean energy solutions.

# ALLETE Clean Energy Growth Vision

A premier, customer focused clean energy company

Known for its high integrity, innovative and tailored customer solutions and ability to develop, operate, build and deliver multifaceted clean energy projects and clean energy solutions across North America

## Optimize the existing portfolio

- Evaluate strategic value inherent in portfolio (120 MW Northern Wind sale)
- Execute current 303 MW project backlog (Caddo)
- Drive efficiencies through fleet planning and inherent portfolio attributes
- Maximize the value of qualified safe harbor equipment



## Diversify offerings and new markets

- Focused on markets with accelerating clean energy transformation
- Expanding technologies - solar and energy storage plus renewable investments



## Expanding products, services and capabilities

- Additional growth driven by sustainability-minded customers
- More comprehensive clean energy solutions for utilities, community, commercial – industrial customers
- Expanding strategic partnerships to leverage and grow capabilities
- Acquisitions to provide complimentary products and services