



News

WEC Energy Group, Inc.
231 W. Michigan St.
Milwaukee, WI 53203

Media Line 414-221-4444
Fax 414-221-2821

From: Brendan Conway (news media)
414-221-4444
brendan.conway@wecenergygroup.com

Beth Straka (investment community)
414-221-4639
beth.straka@wecenergygroup.com

August 4, 2020

WEC Energy Group reports second-quarter results

MILWAUKEE – WEC Energy Group (NYSE: WEC) today reported net income of \$241.6 million, or 76 cents per share, for the second quarter of 2020 — up from \$235.7 million, or 74 cents per share, for the second quarter last year.

For the first six months of 2020, the company recorded net income of \$694.1 million, or \$2.19 per share — up from \$655.8 million, or \$2.07 per share, in the corresponding period a year ago.

Consolidated revenues totaled \$3.7 billion for the first six months of 2020, down \$310.3 million from revenues for the first half of 2019.

“We delivered solid results despite the significant challenges presented by the COVID-19 pandemic,” said Gale Klappa, executive chairman. “Our focus on operating efficiency and warmer-than-normal weather that drove residential energy use higher were major factors in our second-quarter performance,” he added. “Our management team is experienced, resilient and focused on executing the fundamentals of our business. I’m confident we will continue to shine through the challenges ahead.”

Retail deliveries of electricity — excluding the iron ore mine in Michigan’s Upper Peninsula — were down by 2.7 percent in the second quarter of 2020, compared to the second quarter of 2019.

-more-

Residential electricity use rose by 17.1 percent.

Given the stay-at-home orders that were in place during much of the reporting period, electricity consumption by small commercial and industrial customers declined by 8.6 percent. Electricity use by large commercial and industrial customers — excluding the iron ore mine — dropped by 12.9 percent during the second quarter of 2020.

On a weather-normal basis, retail deliveries of electricity during the second quarter of this year — excluding the iron ore mine — decreased by 6.9 percent.

At the end of June, the company was serving approximately 11,000 more electric customers and 27,000 more natural gas customers than at the same time a year ago.

The company is reaffirming its earnings guidance for 2020 in the range of \$3.71 to \$3.75 per share with an expectation of reaching the top end of the range. This assumes normal weather for the remainder of the year.

Earnings per share listed in this news release are on a fully diluted basis.

Conference call

A conference call is scheduled for 1 p.m. Central time, Tuesday, Aug. 4. The call will review 2020 second-quarter earnings and the company's outlook for the future.

All interested parties, including stockholders, news media and the general public, are invited to listen. Access the call at 833-968-2232 up to 15 minutes before it begins. The number for international callers is 825-312-2063. The conference ID is 5878364.

Conference call access also is available at wecenergygroup.com. Under 'Webcasts,' select 'Q2 Earnings.' In conjunction with this earnings announcement, WEC Energy Group will post on its website a package of detailed financial information on its second-quarter performance. The materials will be available at 6:30 a.m. Central time, Tuesday, Aug. 4.

Replay

A replay will be available on the website and by phone. Access to the webcast replay will be available on the website about two hours after the call. Access to a phone replay also will be available approximately two hours after the call and remain accessible through Aug. 18, 2020. Domestic callers should dial 800-585-8367. International callers should dial 416-621-4642. The replay conference ID is 5878364.

-more-

WEC Energy Group (NYSE: WEC), based in Milwaukee, is one of the nation's premier energy companies, serving 4.5 million customers in Wisconsin, Illinois, Michigan and Minnesota.

The company's principal utilities are We Energies, Wisconsin Public Service, Peoples Gas, North Shore Gas, Michigan Gas Utilities, Minnesota Energy Resources and Upper Michigan Energy Resources. Another major subsidiary, We Power, designs, builds and owns electric generating plants. In addition, WEC Infrastructure LLC owns a growing fleet of renewable generation facilities in the Midwest.

WEC Energy Group (wecenergygroup.com) is a Fortune 500 company and a component of the S&P 500. The company has approximately 45,000 stockholders of record, 7,500 employees and \$35 billion of assets.

Forward-looking statements

Certain statements contained in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based upon management's current expectations and are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated in the statements. Readers are cautioned not to place undue reliance on these statements. Forward-looking statements include, among other things, statements concerning management's expectations and projections regarding earnings and future results. In some cases, forward-looking statements may be identified by reference to a future period or periods or by the use of forward-looking terminology such as "anticipates," "believes," "estimates," "expects," "forecasts," "guidance," "intends," "may," "objectives," "plans," "possible," "potential," "projects," "should," "targets," "will" or similar terms or variations of these terms.

Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, but are not limited to: general economic conditions, including business and competitive conditions in the company's service territories; the impact of the COVID-19 pandemic; timing, resolution and impact of rate cases and other regulatory decisions; the company's ability to continue to successfully integrate the operations of its subsidiaries; availability of the company's generating facilities and/or distribution systems; unanticipated changes in fuel and purchased power costs; key personnel changes; varying weather conditions; continued industry restructuring and consolidation; continued advances in, and adoption of, new technologies that produce power or reduce power consumption; energy conservation efforts; the company's ability to successfully acquire and/or dispose of assets and projects; cybersecurity threats and data security breaches; construction risks; equity and bond market fluctuations; changes in the company's and its subsidiaries' ability to access the capital markets; the impact of tax reform and any other legislative and regulatory changes, including changes to environmental standards; political developments; current and future litigation and regulatory investigations; changes in accounting standards; the financial performance of American Transmission Co. as well as projects in which the company's energy infrastructure business invests; the ability of the company to obtain additional generating capacity at competitive prices; goodwill and its possible impairment; and other factors described under the heading "Factors Affecting Results, Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and under the headings "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors" contained in the company's Form 10-K for the year ended Dec. 31, 2019, and in subsequent reports filed with the Securities and Exchange Commission. The company expressly disclaims any obligation to publicly update or revise any forward-looking information.

The global outbreak of COVID-19 is currently impacting countries, communities, supply chains and markets, and has caused many states, including those states in which we operate, to continue to limit some business operations. The extent to which the COVID-19 pandemic may affect us depends on factors beyond our knowledge or control. Therefore, we are currently unable to determine what impact the pandemic may ultimately have on our business plans and operations, liquidity, financial condition, and results of operations, but will continue to monitor COVID-19 developments.

Tables follow

WEC ENERGY GROUP, INC.

| CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited) | Three Months Ended | | Six Months Ended | |
|----------------------------------------------------------|--------------------|------------|------------------|------------|
| | June 30 | | June 30 | |
| <i>(in millions, except per share amounts)</i> | 2020 | 2019 | 2020 | 2019 |
| Operating revenues | \$ 1,548.7 | \$ 1,590.2 | \$ 3,657.3 | \$ 3,967.6 |
| Operating expenses | | | | |
| Cost of sales | 444.5 | 491.9 | 1,179.2 | 1,501.5 |
| Other operation and maintenance | 473.1 | 503.6 | 928.8 | 1,054.2 |
| Depreciation and amortization | 242.5 | 229.9 | 481.6 | 456.3 |
| Property and revenue taxes | 49.8 | 50.2 | 102.3 | 98.2 |
| Total operating expenses | 1,209.9 | 1,275.6 | 2,691.9 | 3,110.2 |
| Operating income | 338.8 | 314.6 | 965.4 | 857.4 |
| Equity in earnings of transmission affiliates | 52.9 | 36.9 | 92.7 | 73.0 |
| Other income, net | 28.6 | 23.6 | 34.2 | 54.5 |
| Interest expense | 124.4 | 124.1 | 253.8 | 248.5 |
| Other expense | (42.9) | (63.6) | (126.9) | (121.0) |
| Income before income taxes | 295.9 | 251.0 | 838.5 | 736.4 |
| Income tax expense | 53.8 | 15.2 | 143.8 | 80.2 |
| Net income | 242.1 | 235.8 | 694.7 | 656.2 |
| Preferred stock dividends of subsidiary | 0.3 | 0.3 | 0.6 | 0.6 |
| Net (income) loss attributed to noncontrolling interests | (0.2) | 0.2 | — | 0.2 |
| Net income attributed to common shareholders | \$ 241.6 | \$ 235.7 | \$ 694.1 | \$ 655.8 |
| Earnings per share | | | | |
| Basic | \$ 0.77 | \$ 0.75 | \$ 2.20 | \$ 2.08 |
| Diluted | \$ 0.76 | \$ 0.74 | \$ 2.19 | \$ 2.07 |
| Weighted average common shares outstanding | | | | |
| Basic | 315.4 | 315.4 | 315.4 | 315.4 |
| Diluted | 316.5 | 316.7 | 316.6 | 316.7 |
| Dividends per share of common stock | 0.6325 | 0.5900 | 1.2650 | 1.1800 |

WEC ENERGY GROUP, INC.

| CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) <i>(in millions, except share and per share amounts)</i> | June 30, 2020 | December 31, 2019 |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 13.3 | \$ 37.5 |
| Accounts receivable and unbilled revenues, net of reserves of \$164.7 and \$140.0, respectively | 957.9 | 1,176.5 |
| Materials, supplies, and inventories | 467.7 | 549.8 |
| Prepayments | 210.3 | 261.8 |
| Other | 64.2 | 68.0 |
| Current assets | 1,713.4 | 2,093.6 |
| Long-term assets | | |
| Property, plant, and equipment, net of accumulated depreciation and amortization of \$9,157.5 and \$8,878.7, respectively | 24,171.8 | 23,620.1 |
| Regulatory assets | 3,510.4 | 3,506.7 |
| Equity investment in transmission affiliates | 1,744.7 | 1,720.8 |
| Goodwill | 3,052.8 | 3,052.8 |
| Other | 848.9 | 957.8 |
| Long-term assets | 33,328.6 | 32,858.2 |
| Total assets | \$ 35,042.0 | \$ 34,951.8 |
| Liabilities and Equity | | |
| Current liabilities | | |
| Short-term debt | \$ 1,211.5 | \$ 830.8 |
| Current portion of long-term debt | 895.0 | 693.2 |
| Accounts payable | 696.6 | 908.1 |
| Accrued payroll and benefits | 161.6 | 199.8 |
| Other | 519.9 | 550.8 |
| Current liabilities | 3,484.6 | 3,182.7 |
| Long-term liabilities | | |
| Long-term debt | 10,721.6 | 11,211.0 |
| Deferred income taxes | 3,945.9 | 3,769.3 |
| Deferred revenue, net | 423.7 | 497.1 |
| Regulatory liabilities | 3,968.5 | 3,992.8 |
| Environmental remediation liabilities | 589.4 | 589.2 |
| Pension and OPEB obligations | 322.2 | 326.2 |
| Other | 1,093.4 | 1,128.9 |
| Long-term liabilities | 21,064.7 | 21,514.5 |
| Commitments and contingencies | | |
| Common shareholders' equity | | |
| Common stock – \$0.01 par value; 325,000,000 shares authorized; 315,434,531 shares outstanding | 3.2 | 3.2 |
| Additional paid in capital | 4,165.0 | 4,186.6 |
| Retained earnings | 6,222.8 | 5,927.7 |
| Accumulated other comprehensive loss | (7.3) | (4.1) |
| Common shareholders' equity | 10,383.7 | 10,113.4 |
| Preferred stock of subsidiary | 30.4 | 30.4 |
| Noncontrolling interests | 78.6 | 110.8 |
| Total liabilities and equity | \$ 35,042.0 | \$ 34,951.8 |

WEC ENERGY GROUP, INC.

| CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) | Six Months Ended June 30 | |
|----------------------------------------------------------------------------------------------------|-------------------------------------|------------------|
| <i>(in millions)</i> | 2020 | 2019 |
| Operating activities | | |
| Net income | \$ 694.7 | \$ 656.2 |
| Reconciliation to cash provided by operating activities | | |
| Depreciation and amortization | 481.6 | 456.3 |
| Deferred income taxes and investment tax credits, net | 143.5 | 96.1 |
| Contributions and payments related to pension and OPEB plans | (6.6) | (8.3) |
| Equity income in transmission affiliates, net of distributions | (20.1) | (9.4) |
| Change in – | | |
| Accounts receivable and unbilled revenues | 215.4 | 267.9 |
| Materials, supplies, and inventories | 82.1 | 87.0 |
| Other current assets | 62.5 | 20.0 |
| Accounts payable | (188.3) | (222.7) |
| Other current liabilities | (67.2) | (55.1) |
| Other, net | (18.0) | 3.2 |
| Net cash provided by operating activities | 1,379.6 | 1,291.2 |
| Investing activities | | |
| Capital expenditures | (1,037.2) | (855.2) |
| Acquisition of Upstream Wind Energy LLC, net of cash and restricted cash acquired of \$9.2 | — | (268.2) |
| Capital contributions to transmission affiliates | (9.0) | (21.9) |
| Proceeds from the sale of assets and businesses | 2.1 | 30.0 |
| Proceeds from the sale of investments held in rabbi trust | 17.1 | 0.1 |
| Reimbursement for ATC's construction costs | — | 32.4 |
| Proceeds from cash surrender value of life insurance | 8.3 | 8.8 |
| Other, net | 12.5 | 7.6 |
| Net cash used in investing activities | (1,006.2) | (1,066.4) |
| Financing activities | | |
| Exercise of stock options | 20.3 | 50.1 |
| Purchase of common stock | (50.3) | (106.3) |
| Dividends paid on common stock | (399.0) | (372.3) |
| Issuance of long-term debt | 110.0 | 350.0 |
| Retirement of long-term debt | (418.2) | (17.3) |
| Issuance of short-term loan | 340.0 | — |
| Change in other short-term debt | 40.7 | (177.4) |
| Purchase of additional ownership interest in Upstream Wind Energy LLC from noncontrolling interest | (31.0) | — |
| Other, net | (5.8) | (7.0) |
| Net cash used in financing activities | (393.3) | (280.2) |
| Net change in cash, cash equivalents, and restricted cash | (19.9) | (55.4) |
| Cash, cash equivalents, and restricted cash at beginning of period | 82.3 | 146.1 |
| Cash, cash equivalents, and restricted cash at end of period | \$ 62.4 | \$ 90.7 |