CMS ENERGY CORP. NYSE-CMS

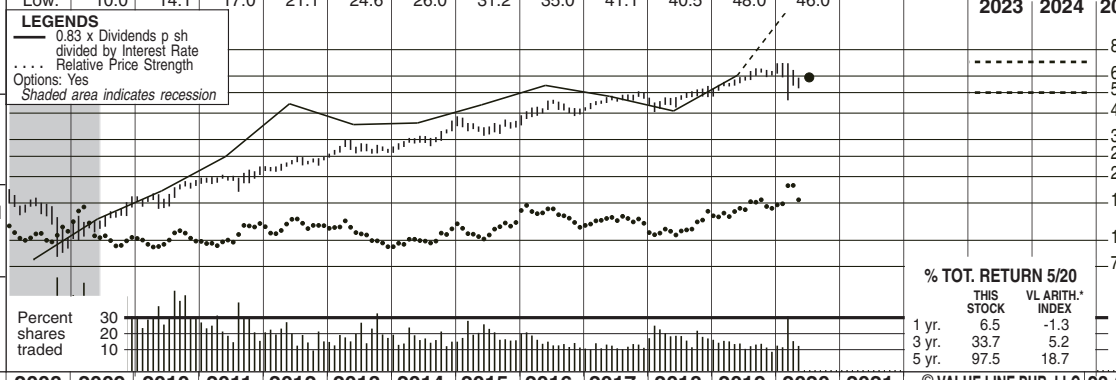
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
59.01	22.7	(Trailing: 23.7 Median: 18.0)	1.15	2.9%	VALUE LINE

TIMELINESS 3 Lowered 1/11/19
SAFETY 2 Raised 3/21/14
TECHNICAL 2 Lowered 6/12/20
BETA .80 (1.00 = Market)

High:	16.1	19.3	22.4	25.0	30.0	36.9	38.7	46.3	50.8	53.8	65.3	69.2
Low:	10.0	14.1	17.0	21.1	24.6	26.0	31.2	35.0	41.1	40.5	48.0	46.0

Target Price Range 2023 | 2024 | 2025

LEGENDS
— 0.83 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$46-$99	$73 (25%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+20%)	7%
Low	50	(-15%)	Nil

Institutional Decisions

	3Q2019	4Q2019	1Q2020
to Buy	253	295	252
to Sell	269	247	301
Hld's(000)	263460	264207	265297

% TOT. RETURN 5/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	6.5	-1.3
3 yr.	33.7	5.2
5 yr.	97.5	18.7

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
28.06	28.52	30.57	28.95	30.13	27.23	25.77	25.59	23.90	24.68	26.09	23.29	22.92	23.37	24.25	24.11	*21.60*	*22.40*	Revenues per sh	*24.25*
2.87	3.43	3.22	3.08	3.88	3.47	3.70	3.65	3.82	4.06	4.22	4.59	4.88	5.29	5.61	5.89	*6.25*	*6.55*	"Cash Flow" per sh	*7.75*
.74	1.10	.64	.64	1.23	.93	1.33	1.45	1.53	1.66	1.74	1.89	1.98	2.17	2.32	2.39	*2.60*	*2.75*	Earnings per sh A	*3.50*
--	--	--	.20	.36	.50	.66	.84	.96	1.02	1.08	1.16	1.24	1.33	1.43	1.53	*1.63*	*1.74*	Div'd Decl'd per sh B ■	*2.15*
2.69	2.69	3.01	5.61	3.50	3.59	3.29	3.47	4.65	4.98	5.73	5.64	5.99	5.91	7.32	7.41	*7.65*	*9.30*	Cap'l Spending per sh	*8.00*
10.63	10.53	10.03	9.46	10.88	11.42	11.19	11.92	12.09	12.98	13.34	14.21	15.23	15.77	16.78	17.68	*19.35*	*20.70*	Book Value per sh C	*25.50*
195.00	220.50	222.78	225.15	226.41	227.89	249.60	254.10	264.10	266.10	275.20	277.16	279.21	281.65	283.37	283.86	*287.00*	*290.00*	Common Shs Outst'g D	*300.00*
12.4	12.6	22.2	26.8	10.9	13.6	12.5	13.6	15.1	16.3	17.3	18.3	20.9	21.3	20.3	24.3	*Bold figures are*		Avg Ann'l P/E Ratio	*17.0*
.66	.67	1.20	1.42	.66	.91	.80	.85	.96	.92	.91	.92	1.10	1.07	1.10	1.30	*Value Line*		Relative P/E Ratio	*.95*
--	--	--	1.2%	2.7%	4.0%	4.0%	4.3%	4.2%	3.8%	3.6%	3.4%	3.0%	2.9%	3.0%	2.6%	*estimates*		Avg Ann'l Div'd Yield	*3.6%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $14337 mill. **Due in 5 Yrs** $4549 mill.
LT Debt $12616 mill. **LT Interest** $544 mill.
Incl. $71 mill. capitalized leases.
(LT interest earned: 2.8x)
Leases, Uncapitalized Annual rentals $11 mill.
Pension Assets-12/19 $2546 mill.
Oblig $2973 mill.
Pfd Stock $37 mill. **Pfd Div'd** $2 mill.
Incl. 373,148 shs. $4.50 $100 par, cum., callable at $110.00.
Common Stock 286,221,472 shs.
as of 4/6/20
MARKET CAP: $17 billion (Large Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
6432.0	6503.0	6312.0	6566.0	7179.0	6456.0	6399.0	6583.0	6873.0	6845.0	*6200*	*6500*	Revenues ($mill)	*7250*
356.0	384.0	413.0	454.0	479.0	525.0	553.0	610.0	659.0	682.0	*755*	*805*	Net Profit ($mill)	*1045*
38.1%	36.8%	39.4%	39.9%	34.3%	34.0%	33.1%	31.2%	14.9%	17.7%	*16.0%*	*16.0%*	Income Tax Rate	*16.0%*
2.2%	2.6%	2.9%	2.0%	2.3%	2.7%	3.1%	1.1%	1.4%	2.1%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*1.0%*
70.1%	66.9%	67.9%	67.5%	68.7%	68.3%	67.1%	67.3%	69.0%	70.4%	*70.5%*	*70.0%*	Long-Term Debt Ratio	*68.5%*
29.5%	32.6%	31.6%	32.2%	31.0%	31.4%	32.6%	32.4%	30.7%	29.4%	*29.5%*	*30.0%*	Common Equity Ratio	*31.5%*
9473.0	9279.0	10101	10730	11846	12534	13040	13692	15476	17082	*19000*	*20150*	Total Capital ($mill)	*24200*
10069	10633	11551	12246	13412	14705	15715	16761	18126	18926	*20075*	*21675*	Net Plant ($mill)	*25200*
5.8%	6.3%	5.9%	6.0%	5.7%	5.7%	5.8%	5.9%	5.6%	5.3%	*5.5%*	*5.5%*	Return on Total Cap'l	*6.0%*
12.5%	12.5%	12.8%	13.0%	12.9%	13.2%	12.9%	13.6%	13.8%	13.5%	*13.5%*	*13.5%*	Return on Shr. Equity	*13.5%*
12.5%	12.6%	12.9%	13.1%	13.0%	13.3%	13.0%	13.7%	13.8%	13.6%	*13.5%*	*13.5%*	Return on Com Equity E	*13.5%*
6.9%	5.6%	5.0%	5.2%	5.0%	5.2%	4.8%	5.2%	5.3%	4.9%	*5.0%*	*5.0%*	Retained to Com Eq	*5.5%*
46%	55%	61%	60%	62%	61%	63%	62%	62%	64%	*62%*	*62%*	All Div'ds to Net Prof	*62%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	-1.4	+2.2	-3,7
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	8.26	7.63	7.94
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	7634	8084	8039
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.2	+.3	+.9
Fixed Charge Cov. (%)	301	250	235

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	-2.0%	-1.0%	*Nil*
"Cash Flow"	5.0%	7.0%	*5.5%*
Earnings	9.5%	7.0%	*7.5%*
Dividends	15.0%	7.0%	*7.0%*
Book Value	4.5%	5.5%	*7.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	1829	1449	1527	1778	6583.0
2018	1953	1492	1599	1829	6873.0
2019	2059	1445	1546	1795	6845.0
2020	1864	*1300*	*1400*	*1636*	*6200*
2021	*1950*	*1400*	*1450*	*1700*	*6500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.71	.33	.61	.52	2.17
2018	.86	.49	.59	.38	2.32
2019	.75	.33	.73	.58	2.39
2020	.85	*.50*	*.75*	*.50*	*2.60*
2021	*.85*	*.55*	*.80*	*.55*	*2.75*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec. 31	Full Year
2016	.31	.31	.31	.31	1.24
2017	.3325	.3325	.3325	.3325	1.33
2018	.3575	.3575	.3575	.3575	1.43
2019	.3825	.3825	.3825	.3825	1.53
2020	.4075	.4075			

BUSINESS: CMS Energy Corporation is a holding company for Consumers Energy, which supplies electricity and gas to lower Michigan (excluding Detroit). Has 1.8 million electric, 1.8 million gas customers. Has 1,234 megawatts of nonregulated generating capacity. Owns EnerBank. Sold Palisades nuclear plant in '07. Electric revenue breakdown: residential, 45%; commercial, 34%; industrial, 15%; other, 6%. Generating sources: coal, 27%; gas, 18%; other, 3%; purchased, 52%. Fuel costs: 41% of revenues. '19 reported deprec. rates: 3.9% electric, 2.9% gas, 10.0% other. Has 8,100 full-time employees. Chairman: John G. Russell. President & CEO: Patricia K. Poppe. Inc.: MI. Address: One Energy Plaza, Jackson, MI 49201. Tel.: 517-788-0550. Internet: www.cmsenergy.com.

CMS Energy's utility subsidiary has gas and electric rate cases pending. Consumers Energy filed for a gas increase of $245 million, based on a 10.5% return on equity. The application includes a request for a regulatory mechanism to decouple revenues and volume. The staff of the Michigan Public Service Commission (MPSC) is recommending a hike of $160 million, based on a 9.6% ROE. A settlement is possible. A ruling from the MPSC is due by October 16th. Consumers Energy is seeking an electric increase of $244 million, based on a 10.5% ROE. The MPSC's staff is expected to put forth its proposal on June 24th. An order is due by December 28th. The utility files rate applications frequently because it has a large system with a lot of old equipment.

We are sticking with our 2020 earnings estimate of $2.60 a share, but trimmed our 2021 estimate by $0.05 a share. This is slightly below CMS Energy's targeted range of $2.64-$2.68 because we include certain expenses (such as $15 million for employee retention at the Karn coal-fired plant, which will be retired in a few years) that management excludes from its guidance. Although the weak economy will hurt kilowatt-hour sales, parts of Consumers Energy's service area began to reopen in May. Also, the company has the flexibility to adjust operating and maintenance expenses to compensate for the lost volume. However, we are being more cautious in our 2021 expectation. The improvement we now estimate for 2021 would result in profit growth at the low end of CMS Energy's yearly goal of 6%-8%. The stock price has declined 6% in 2020, making this equity an above-average performer among utilities.

The company has made a lot of financing moves this year. CMS Energy or its utility subsidiary have issued over $1 billion of long-term debt, $500 million of equity units that are convertible into common equity, and $100 million of common stock. The company expects to issue a total of $250 million of common equity in 2020.

CMS Energy stock has a low dividend yield for a utility. This is about a percentage point below the industry mean. Total return potential is attractive for the 18-month span, but not for 2023-2025.

Paul E. Debbas, CFA *June 12, 2020*

(A) Diluted EPS. Excl. nonrec. gains (losses): '05, ($1.61); '06, ($1.08); '07, ($1.26); '09, (7¢); '10, 3¢; '11, 12¢; '12, (14¢); '17, (53¢); gains (losses) on discont. ops.: '05, 7¢; '06, 3¢; '07, (40¢); '09, 8¢; '10, (8¢); '11, 1¢; '12, 3¢. Next earnings report due late July. (B) Div'ds historically paid late Feb., May, Aug., & Nov. ■ Div'd reinvestment plan avail. (C) Incl. intang. In '19: $8.77/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in '18: 10% elec.; in '19: 9.9% gas; earned on avg. com. eq., '19: 13.9%. Regulat. Climate: Above Avg.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	75
Earnings Predictability	85

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