Public Service Enterprise Group Inc. (PEG)

Updated December 3rd, 2025 by Felix Martinez

Key Metrics

Current Price:	$81	**5 Year Annual Expected Total Return:**	3.4%	**Market Cap:**	$40.3 B
Fair Value Price:	$61	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	12/10/25
% Fair Value:	132%	**5 Year Valuation Multiple Estimate:**	-5.6%	**Dividend Payment Date:**	12/31/25
Dividend Yield:	3.1%	**5 Year Price Target**	$81	**Years Of Dividend Growth:**	14
Dividend Risk Score:	D	**Sector:** Utilities		**Rating:**	Hold

Overview & Current Events

The Public Service Enterprise Group (PEG) is a publicly-traded diversified energy company headquartered in Newark, New Jersey, established in 1985. However, The company has a history that dates back to 1903, when it was initially called Public Service Corporation. PEG's principal operating subsidiaries are Public Service Electric and Gas Co. (PSE&G), PSEG Power, and PSEG Long Island. The company is one of the ten largest electric companies in the U.S. PSE&G provides electric and natural gas services and services to 2.3 million electric customers and 1.9 million gas customers. PSE&G accounted for over 66% of PEG revenues in 2024. PEG has approximately 13,000 employees and a market cap of $40.3 billion. The company has been growing dividends for fourteen consecutive years, and PEG has been paying the same or higher dividends for 21 years in a row.

On November 3rd, 2025, the company reported third quarter results for Fiscal Year (FY)2025. The company delivered strong third-quarter 2025 results, reporting net income of $622 million, or $1.24 per share, up from $1.04 a year earlier. Non-GAAP operating earnings rose to $1.13 per share, reflecting higher rates from the October 2024 base rate case and stronger power pricing. For the first nine months of 2025, PSEG generated $1.8 billion in net income and $3.33 per-share non-GAAP operating earnings, driven by increased regulated investment and stable contributions from its nuclear fleet.

Operational performance remained solid across the business. PSE&G benefited from new electric and gas rates, transmission margin, and energy-efficiency investments, though these gains were partially offset by higher operating, depreciation, and interest expenses. The company's nuclear units supplied 7.9 TWh of carbon-free baseload power during the quarter, supported by Hope Creek's extended 499-day operating run and its recent transition to a 24-month fuel cycle. PSEG also secured a five-year contract extension to continue managing electric operations for the Long Island Power Authority through 2030.

Given its strong year-to-date performance, PSEG raised the midpoint of its 2025 non-GAAP operating earnings guidance to $4.00–$4.06 per share and reaffirmed its long-term earnings growth target of 5% to 7% annually through 2029. Management emphasized the need to address regional supply-demand imbalances that have driven customer bill increases, while highlighting the company's financial flexibility to invest $22.5–$26 billion over the next five years without issuing new equity. With a stable regulated base, expanding nuclear opportunities, and a strong balance sheet, PSEG remains positioned for consistent growth and sustainable dividend increases.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.91	$2.90	$2.93	$3.12	$3.28	$3.43	$3.65	$3.47	$3.48	$3.68	***$4.04***	***$5.41***
DPS	$1.56	$1.64	$1.72	$1.80	$1.88	$1.96	$2.04	$2.16	$2.28	$2.40	***$2.52***	***$3.07***
Shares[1]	508.0	508.0	507.0	507.0	507.0	507.0	504.0	504.0	498.0	500.0	***500.0***	***499.0***

The company does not have strong growth prospects as it is a utility company and heavily regulated by the government. However, we estimate a 6% annual earnings growth rate for the next five years. This is higher than the 3.3% growth rate that the company has experienced for the past 5-year average. It is also higher than the 2.6% earnings growth over the

[1] Share count is in millions.

past decade. The dividend has been growing slightly better than earnings. The dividend has had a CAGR of 5.2% for the past five years. We see this slowing down, and we estimate a dividend growth rate of 4% going forward. The net margin has increased from 14.8% in FY2018 to 16.8% in FY2019. In FY2024, PEG had a net margin of 17.2%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	13.3	15.1	17.6	16.7	17.9	17.0	18.3	17.7	17.6	22.9	***20.0***	***15.0***
Avg. Yld.	4.0%	3.7%	3.3%	3.5%	3.2%	3.4%	3.1%	3.5%	3.7%	2.8%	***3.1%***	***3.8%***

The company looks to be overvalued at today's price. Because of the slow growth prospects, we think that a fair PE is 15.0x earnings. This is lower than the company's 10-year average PE of 17.4x. Thus, we see an annual headwind due to multiple contractions. The current dividend yield of 3.1% is lower than its 5-year average of 3.4% and not as attractive as other utility companies with a higher dividend yield.

Safety, Quality, Competitive Advantage, & Recession Resiliency

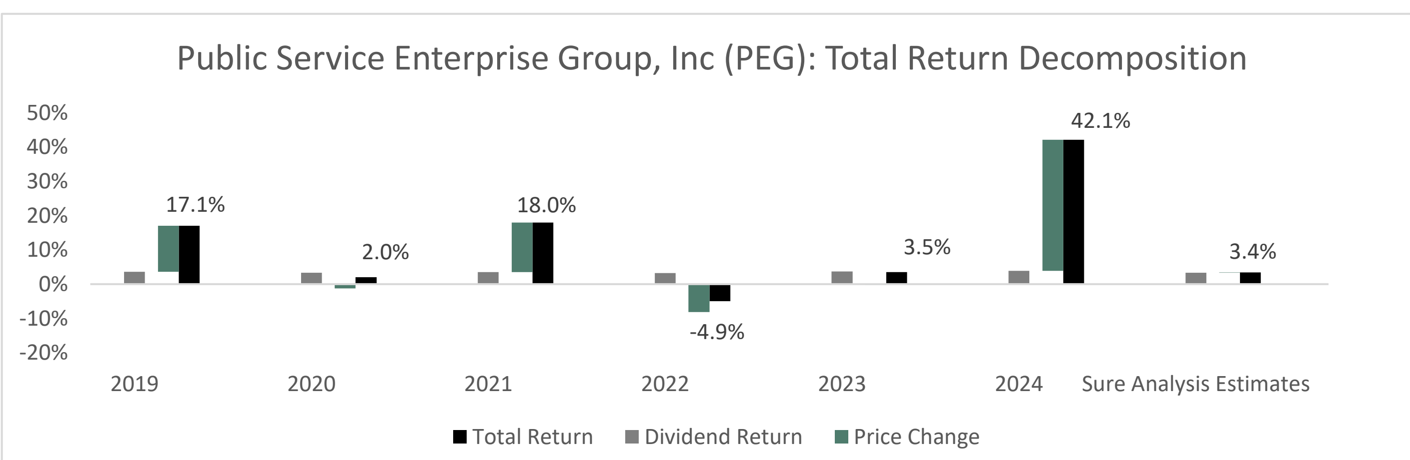
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	54%	57%	59%	58%	57%	57%	56%	62%	66%	65%	***62%***	***57%***

PEG's competitive advantage is its state-regulated business, which requires excessive capital expenses for infrastructure and poses high entry barriers to potential competitors. During the Great Recession of 2008-2009, The Company grew earnings from $2.71 in 2007 to $2.92 in 2008 and $3.12 in 2009. The dividend was well covered, and the company increased its dividend by 10.3% in 2008. This shows the dividend safety and the resilience of this company. However, in 2011, the company froze its dividend, losing its dividend increase streak, but it has grown since then. The company has a stable balance sheet with a debt-to-equity ratio of 1.3. Interest coverage ratio of 3.4x. However, the company does have more debt than assets, as the current ratio is 0.9. PEG's dividend payout ratio has been in the uptrend but is still safe for the foreseeable future.

Final Thoughts & Recommendation

The company is safe to invest in, as most utility companies are. However, at the current price, PEG is overvalued relative to our fair price estimate of $61. There are not many growth prospects available to the company currently. Thus, we see a 5-year projected annual return of 3.4%. Most of this return will come from the 3.1% dividend yield. We rate PEG as a hold at the current price.

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9,094	9,696	10,076	9,696	10,076	9,603	9,722	9800	11240	10290
Gross Profit	$3,415	$3,402	$3,593	$3,402	$3,593	$3,432	$2,997	2604	4827	3541
Gross Margin	37.6%	35.1%	35.7%	35.1%	35.7%	35.7%	30.8%	26.6%	42.9%	34.4%
SG&A Exp.										
D&A Exp.	$2,185	$1,345	$1,426	$1,345	$1,426	$1,469	$1,403	1283	1324	1373
Operating Profit	$1,429	$2,244	$2,345	$2,244	$2,345	$2,147	$1,762	1477	3474	2359
Operating Margin	15.7%	23.1%	23.3%	23.1%	23.3%	22.4%	18.1%	15.1%	30.9%	22.9%
Net Profit	$1,574	$1,438	$1,693	$1,438	$1,693	$1,905	$-648	1031	2563	1772
Net Margin	17.3%	14.8%	16.8%	14.8%	16.8%	19.8%	-6.7%	10.5%	22.8%	17.2%
Free Cash Flow	-1,047	-1,145	115	-1145	115	68	-1,081	-1385	481	-1247
Income Tax	-$306	$417	$257	$417	$257	$396	$-441	-29	518	53

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	42,716	45,326	47,730	45,326	47,730	50,050	48,999	48718	50740	54640
Cash & Equivalents	$313	$177	$147	$177	$147	$543	$818	465	54	125
Accounts Receivable	$1,348	$1,435	$1,313	$1,435	$1,313	$1,410	$18,59	1944	1482	1597
Inventories	$866	$902	$897	$902	$897	$878	$744	960	1023	
Goodwill & Int. Ass.	$130	$159	$149	159	149	158	20	14		
Total Liabilities	28,869	30,949	32,641	30,949	32,641	34,066	34,561	34989	35260	38530
Accounts Payable	$1,694	$1,451	$1,358	$1,451	$1,358	$1,332	$1,315	1271	1214	1136
Long-Term Debt	13,610	15,478	16,223	15,478	16,223	17,243	19,438	20270	20230	1593
Shareholder's Equity	13,847	14,377	15,089	14,377	15,089	15,984	14,438	13729	15480	14000
D/E Ratio	0.98	1.08	1.08	1.08	1.08	1.08	1.35	1.48	1.31	0.11

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.8%	3.3%	3.6%	3.3%	3.6%	3.9%	-1.3%	2.1%	5.2%	3.4%
Return on Equity	11.7%	10.2%	11.5%	10.2%	11.5%	12.3%	-4.3%	7.3%	17.6%	11.2%
ROIC	6.0%	5.0%	5.5%	5.0%	5.5%	5.9%	-1.9%	3.0%	7.4%	11.8%
Shares Out.	507	507	507	507	507	507	504	501.0	500.0	500.0
Revenue/Share	$17.94	$19.12	$19.87	$19.12	$19.87	$18.94	19.29	19.6	22.5	20.6
FCF/Share	-$2.07	-$2.26	$0.23	$-2.26	$0.23	$0.13	-2.14	-2.8	0.96	-2.49

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