



CMS Energy Corp. (CMS)

Updated February 7th, 2026, by Kody Kester

Key Metrics

Current Price:	\$72	5 Year CAGR Estimate:	11.5%	Market Cap:	\$22.2B
Fair Value Price:	\$77	5 Year Growth Estimate:	7.5%	Ex-Dividend Date:	02/17/2026
% Fair Value:	94%	5 Year Valuation Multiple Estimate:	1.3%	Dividend Payment Date:	02/27/2026
Dividend Yield:	3.1%	5 Year Price Target	\$111	Years Of Dividend Growth:	20
Dividend Risk Score:	C	Sector:	Utilities	Rating:	Hold

Overview & Current Events

CMS Energy Corp. (CMS) is an energy company operating primarily in Michigan, serving approximately 6.8 million of the state's 10 million residents. It's the parent holding company of several subsidiaries, including Consumers, an electric and gas utility; and NorthStar Clean Energy, a domestic power producer and marketer, including the development and operation of renewable generation. The CMS we know today was formed in 1987. However, the company can trace its corporate history back to 1886 via its Consumers subsidiary. CMS has raised its dividend every year for the past 20 years. On February 5th, CMS released its financial results for the fourth quarter ended December 31st, 2025. The company's total operating revenue rose by 12.3% year-over-year to \$2.23 billion in the quarter. Colder weather and constructive regulatory outcomes were largely responsible for operating revenue beating the analyst consensus by \$290 million during the quarter. The regulated utility's adjusted diluted EPS climbed 9.2% higher over the year-ago period to \$0.95 for the quarter. That surpassed the analyst consensus in the quarter by \$0.01. On the same day, CMS upped its quarterly dividend per share by 5.1% to \$0.57. This was the 20th consecutive year that the regulated utility lifted its payout.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$2.02	\$2.17	\$2.33	\$2.49	\$2.67	\$2.65	\$2.89	\$3.11	\$3.34	\$3.61	\$3.87	\$5.56
DPS	\$1.24	\$1.33	\$1.43	\$1.53	\$1.63	\$1.74	\$1.84	\$1.95	\$2.06	\$2.17	\$2.28	\$3.05
Shares¹	279.2	281.6	283.4	283.9	288.9	289.8	291.3	294.4	298.8	304.3	304.3	319.8

Since 2016, CMS has generated 6.7% annual adjusted EPS growth. Looking ahead, we believe the company guidance of 6% to 8% annual adjusted EPS growth remains realistic. That's because the company has plenty of economic development on the horizon.

CMS plans to invest \$24 billion in capital spending for 2026 through 2030 to meet this surge in electricity demand (up \$4 billion from the 2025 through 2029 spending plan). This is expected to help the utility grow its rate base by 10.5% annually from \$28.4 billion in 2025 to \$46.8 billion by 2030. There is also a 9 GW pipeline of potential load that isn't yet baked into the capex plan. Since much of CMS's capital spending is going to be funded through operating cash flow, we expect only slight growth in the share count over the next several years. Overall, we believe that annual adjusted EPS growth will be 7.5% through 2031, off an anticipated 2026 base of \$3.87.

¹ Share count is in millions.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	20.6	21.8	21.3	25.2	22.9	24.6	21.9	18.7	20.0	19.4	18.7	20.0
Avg. Yld.	3.0%	2.8%	2.9%	2.4%	2.7%	2.7%	2.9%	3.4%	3.1%	3.1%	3.1%	2.7%

Over the past decade, CMS's shares have been valued at a multiple as little as the high-teens to as much as the mid-20s. The average P/E ratio over that time was just below 22x. It's worth noting that the 10-year U.S. Treasury yielded an average of 2.5% over that time. This means there was an approximately 200 basis point spread between CMS's average earnings yield over that time and the 10-year U.S. Treasury yield. Looking ahead, we believe that the investment spread will be around 100 basis points. That's because CMS's fundamentals appear to be stronger now than in recent years. Operating off our assumption of an average 10-year Treasury yield in the high-3% to low-4% range in the years ahead, that would produce a fair value multiple of 20x. The current P/E ratio of right around 18.7 suggests the stock is slightly undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	61%	61%	61%	61%	61%	66%	64%	63%	62%	60%	59%	55%

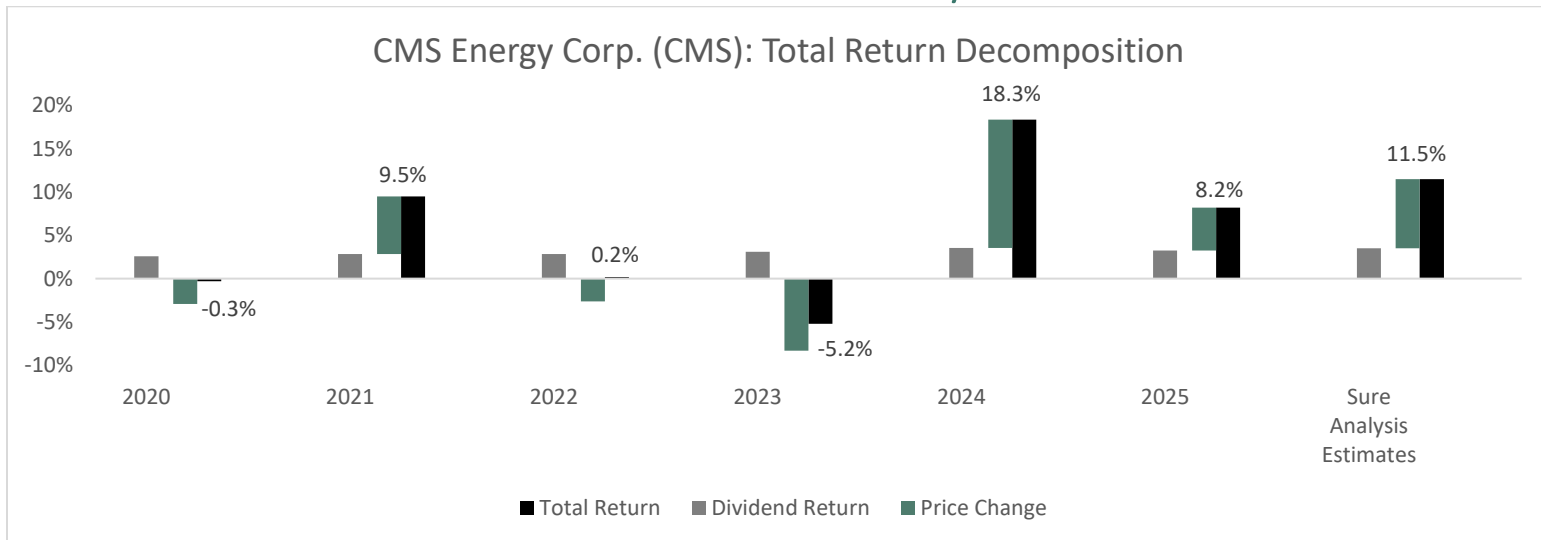
CMS's core competitive advantage is that it's a regulated utility. These businesses operate as government-backed monopolies, and as such, they don't have to worry about any new competition coming in and disrupting their business. Simultaneously, however, the stringent regulations they operate under make it difficult to grow the business and operate it efficiently, as any price increases are subject to political pressures.

Financially, CMS is doing well for a regulated utility. CMS enjoys an investment-grade, BBB credit rating from S&P on a stable outlook. The utility's dividend is also quite secure, with the payout ratio expected to be in the high-50% range in 2026. The company is targeting a payout ratio of around 55% to retain more capital needed to meet growing demand. That's why we think dividend growth will meaningfully lag adjusted EPS growth over the next several years.

Final Thoughts & Recommendation

CMS' 3.1% dividend yield, 7.5% annual adjusted EPS growth prospects, and 1.3% annual valuation multiple upside could lead to 11.5% annual total returns through 2031. In closing, we're maintaining our Hold rating.

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	6,456	6,399	6,583	6,873	6,624	6,418	7,329	8,596	7,462	7,515
Gross Profit	2,190	2,348	2,503	2,398	2,435	2,630	2,649	2,762	2,862	3,209
Gross Margin	33.9%	36.7%	38.0%	34.9%	36.8%	41.0%	36.1%	32.1%	38.4%	42.7%
D&A Exp.	750	811	881	933	989	1,043	1,114	1,126	1,180	1,240
Operating Profit	1,178	1,256	1,338	1,162	1,115	1,230	1,146	1,224	1,235	1,487
Op. Margin	18.2%	19.6%	20.3%	16.9%	16.8%	19.2%	15.6%	14.2%	16.6%	19.8%
Net Profit	523	551	460	657	680	755	1,353	837	887	1,003
Net Margin	8.1%	8.6%	7.0%	9.6%	10.3%	11.8%	18.5%	9.7%	11.9%	13.3%
Free Cash Flow	(39)	(150)	(75)	(517)	(434)	1164)	(390)	855	(265)	(808)
Income Tax	271	273	424	115	131	115	95	93	147	176

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	20,299	21,622	23,050	24,529	26,837	29,666	28,753	31,353	33,520	35,920
Cash & Equiv.	266	235	182	153	140	32	452	164	227	103
Acc. Receivable	785	821	1,044	978	903	872	943	1,564	933	1,063
Inventories	778	626	672	650	605	576	667	1,117	938	769
Total Liabilities	16,324	17,332	18,572	19,737	21,782	23,589	21,565	23,758	25,390	27,172
Accounts Payable	642	598	740	733	635	668	875	928	802	1,085
Long-Term Debt	9,355	9,924	10,396	11,708	13,171	12,335	12,428	14,309	15,580	15,194
Total Equity	3,938	4,253	4,441	4,755	5,018	5,496	6,407	6,791	7,320	8,748
LTD/E Ratio	2.38	2.33	2.34	2.46	2.62	2.24	1.87	2.04	2.06	1.74

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.6%	2.6%	2.1%	2.8%	2.6%	2.7%	4.6%	2.8%	2.7%	2.9%
Return on Equity	13.7%	13.5%	10.6%	14.3%	13.9%	14.4%	22.7%	12.7%	11.3%	12.7%
ROIC	4.1%	4.0%	3.2%	4.2%	3.9%	4.1%	7.1%	4.0%	3.9%	2.9%
Shares Out.	277	279	281	283	283	289	289	290	292	298
Revenue/Share	23.35	22.94	23.44	24.29	23.30	22.42	25.32	29.62	25.58	25.22
FCF/Share	(0.14)	(0.54)	(0.27)	(1.83)	(1.53)	(4.07)	(1.35)	2.95	(0.91)	(2.71)

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

Disclaimer

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