Xcel Energy Inc. (XEL)

Updated February 16th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$82	**5 Year CAGR Estimate:**	7.4%	**Market Cap:**	$50 B
Fair Value Price:	$74	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date[1]:**	3/13/26
% Fair Value:	111%	**5 Year Valuation Multiple Estimate:**	-2.1%	**Dividend Payment Date:**	4/19/26
Dividend Yield:	2.8%	**5 Year Price Target**	$104	**Years Of Dividend Growth:**	22
Dividend Risk Score:	C	**Sector:** Utilities		**Rating:**	Hold

Overview & Current Events

Xcel Energy's roots go back more than a century to three predecessor companies: Northern States Power, Southwestern Public Service Company, and Public Service Company of Colorado. In 1997, Public Service Company of Colorado and Southwestern Public Service Company merged to become New Century Energies, and then in 2000 the company merged with Northern States Power to form Xcel Energy. The company operates in eight Western and Midwestern states in the U.S. Its revenue is obtained mostly through two broad segments: regulated electric utilities (83% of total revenue last year) and regulated natural gas utilities. Xcel Energy is an industry leader in delivering renewable energy and in reducing carbon emissions. It currently has a market capitalization of $50 billion.

On February 26th, 2025, Xcel announced a $0.57 quarterly dividend, marking a 4.1% raise year-over-year.

In early February, Xcel reported (2/5/2026) financial results for the full fiscal 2025. Operating earnings-per-share grew 9%, from $3.50 to $3.80, as rate hikes more than offset increased interest expense, operating costs and depreciation. Xcel reaffirmed its strong guidance for 2026, expecting earnings-per-share of $4.04-$4.16, implying 8% growth at the mid-point. Given the reliable business performance of the utility, we expect earnings-per-share of $4.10 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.21	$2.30	$2.47	$2.64	$2.79	$2.96	$3.17	$3.35	$3.50	$3.80	***$4.10***	***$5.75***
DPS	$1.36	$1.44	$1.52	$1.62	$1.72	$1.83	$1.95	$2.08	$2.19	$2.28	***$2.28***	***$2.98***
Shares[2]	507	508	514	525	528	540	547	554	576	597	***615***	***700***

Xcel Energy's earnings-per-share have risen relatively consistently throughout the last decade, with an average growth rate of 6.2% per year. The last time Xcel had negative growth was in 2004-2005 when it saw a -5.5% decline in earnings-per-share. During the last financial crisis (2008-2009), Xcel was still able to grow its bottom line, despite a contracting economy. Given the guidance for this year, it appears that Xcel is poised to continue growing consistently.

Xcel is focused on converting to renewable energy sources to supply power to customers and aims to be the industry's leading renewable energy provider. It has received regulatory approval in Colorado and the Upper Midwest to "dramatically increase the renewable energy available to our customers while retiring all coal-fired plants." The company has issued a 5-year capital plan of $45 billion and has provided guidance for 6%-8% growth of earnings-per-share and 4%-6% growth of dividend over the long run. We expect average annual growth rate of earnings-per-share of 7.0% over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.5	20.2	18.9	22.3	23.9	22.5	22.2	19.0	17.0	18.9	***20.0***	***18.0***
Avg. Yld.	3.3%	3.1%	3.3%	2.7%	2.6%	2.8%	2.8%	3.3%	3.7%	3.2%	***2.8%***	***2.9%***

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[1] Estimated date.

[2] In millions.

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During the past decade, Xcel Energy has traded hands with an average P/E ratio of 20.3. We believe that a fair earnings multiple for this stock is 18.0, taking into consideration the high quality of the company, but average growth prospects. The stock is currently trading at a P/E ratio of 20.0. If it trades at our assumed fair valuation level in five years, it will incur a -2.1% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	62%	63%	62%	61%	62%	62%	62%	62%	63%	60%	***56%***	***52%***

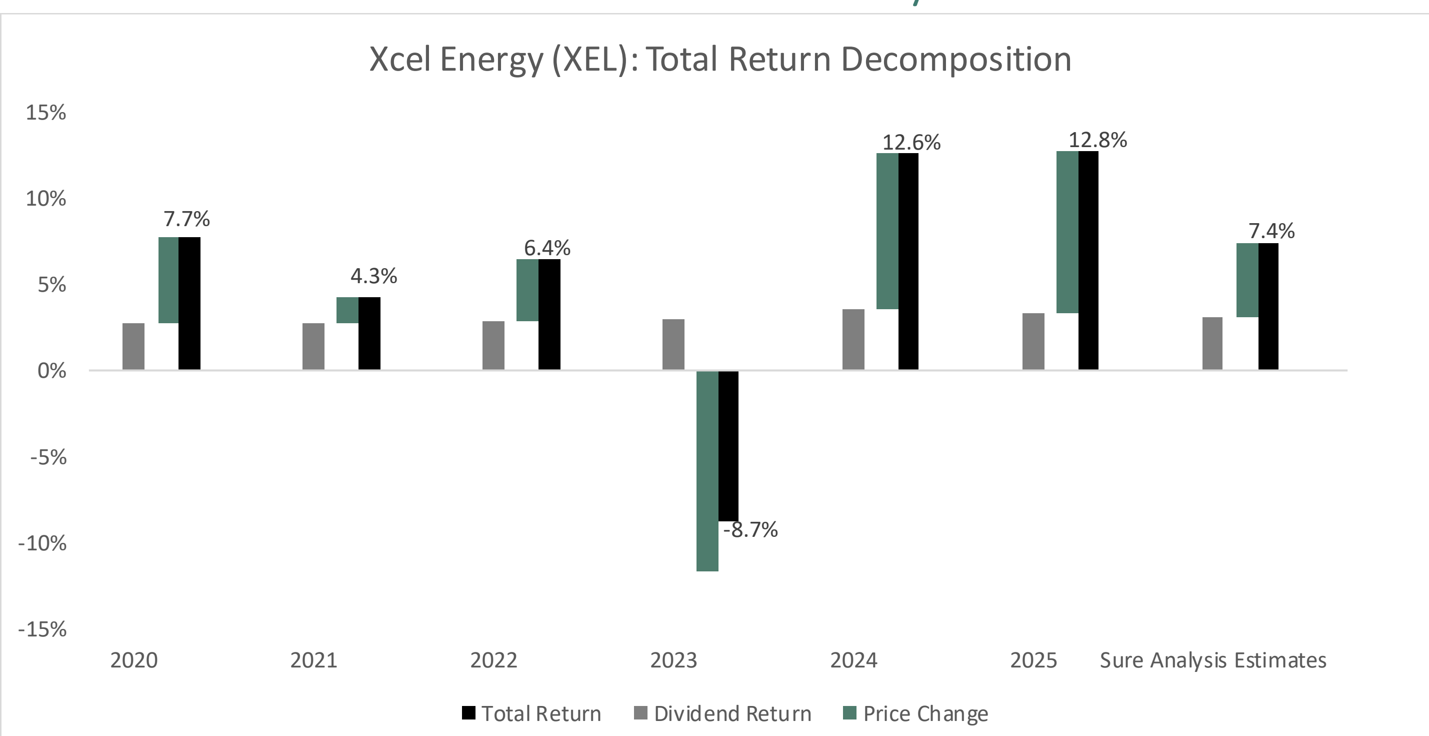
Xcel Energy's dividend appears safe. Dividend payouts have been steadily growing since 2003. The company has raised its dividend by 4% this year. As a regulated utility, Xcel has revenue that is protected by local regulators and thus it enjoys reliable and fairly predictable earnings. The company has also been able to keep its payout ratio relatively close to 60% over the past decade, with prospects for an improvement in the upcoming years.

To properly execute its high capital expenditure plans the company will need a favorable regulatory, political, and public environment. The investments that Xcel Energy is making in renewable energy are in line with the trends of regulations; the company has been trying to be an industry leader in reducing carbon emissions, which should give them an upper hand with regulatory, political, and public support.

Final Thoughts & Recommendation

The stock of Xcel has rallied 65% off its bottom in 2024, primarily thanks to expectations for lower interest rates going forward and strong guidance for this year. Lower interest rates enhance the present value of future earnings and thus they provide a tailwind to the valuation of stocks. In addition, they render the yields of utilities more attractive. Xcel has put together a very stable operating history, with consistent growth of earnings and dividends over the years. Despite its rally, the stock can still offer a 7.4% average annual total return over the next five years, stemming from 7% growth and a 2.8% dividend, partly offset by a -2.1% valuation headwind. We maintain our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	11107	11404	11537	11529	11530	13430	15310	14206	13441	14669
Gross Profit	4320	4520	4453	4723	4964	5258	5860	5979	6148	3565
Gross Margin	38.9%	39.6%	38.6%	41.0%	43.1%	39.2%	38.3%	42.1%	45.7%	24.3%
SG&A Exp.	---	---	---	---	---	---	---	---	---	---
D&A Exp.	1436	1609	1781	1904	2082	2257	2554	2567	2875	---
Operating Profit	2240	2223	1965	2104	2116	2203	2428	2588	2386	2879
Operating Margin	20.2%	19.5%	17.0%	18.2%	18.4%	16.4%	15.9%	18.2%	17.8%	19.6%
Net Profit	1123	1148	1261	1372	1473	1597	1736	1771	1936	2018
Net Margin	10.1%	10.1%	10.9%	11.9%	12.8%	11.9%	11.3%	12.5%	14.4%	13.8%
Free Cash Flow	-143	-118	-835	-962	-2521	-2055	-706	-527	-2723	---
Income Tax	581	542	181	128	-6	-70	-135	-146	-402	-245

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	41155	43030	45987	50448	53960	57850	61190	64079	72824	---
Cash & Equivalents	85	83	147	248	129	166	111	129	293	---
Acc. Receivable	776	797	860	837	916	1018	1373	1315	2081	---
Inventories	604	610	548	544	535	631	803	711	666	---
Total Liabilities	30134	31575	33765	37209	39380	42240	44510	46463	53302	---
Accounts Payable	1045	1243	1237	1294	1237	1409	1804	1668	1781	---
Long-Term Debt	14842	15791	17247	18704	20650	23380	24780	26250	29346	32333
Total Equity	11021	11455	12222	13239	14580	15610	16680	17616	19521	---
LTD/E Ratio	1.35	1.38	1.41	1.41	1.42	1.50	1.49	1.49	1.55	1.4352

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.8%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%	2.8%	2.8%	---
Return on Equity	10.4%	10.2%	10.7%	10.8%	10.6%	10.6%	10.8%	10.3%	10.4%	9.4%
ROIC	4.5%	4.3%	4.4%	4.5%	4.4%	4.3%	4.3%	4.2%	4.1%	3.8%
Shares Out.	507	508	514	520	528	540	547	552	563	589
Revenue/Share	21.82	22.40	22.58	22.17	21.83	24.87	27.99	25.74	23.92	24.90
FCF/Share	-0.28	-0.23	-1.63	-1.85	-4.78	-3.81	-1.29	-0.95	-4.84	---

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