



Constellation Energy Corporation (CEG)

Updated March 2nd, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$330	5 Year Annual Expected Total Return:	5.1%	Market Cap:	\$119 B
Fair Value Price:	\$205	5 Year Growth Estimate:	15.0%	Ex-Dividend Date:	03/09/26
% Fair Value:	161%	5 Year Valuation Multiple Estimate:	-9.1%	Dividend Payment Date:	03/20/26
Dividend Yield:	0.5%	5 Year Price Target	\$412	Years Of Dividend Growth:	4
Dividend Risk Score:	A	Sector:	Utilities	Rating:	Hold

Constellation Energy Corporation was spun off from Exelon Corporation on February 1st, 2022. Constellation Energy provides clean and sustainable energy solutions to homes, commercial businesses, and wholesale customers such as municipalities and cooperatives. The company's energy products include electric, natural gas, and renewables and markets such products to companies of all sizes. Constellation Energy operates 13 nuclear plants with a combined 22 gigawatts of capacity. The company operates in the lower 48 U.S. states, Canada, and the United Kingdom.

On January 10th, 2025, the company announced that it had agreed to purchase Calpine Corp. using a mix of cash and stock. This transaction will make Constellation Energy the largest clean energy provider in the U.S. The transaction completed on January 7th, 2026.

On February 24th, 2026, Constellation Energy raised its quarterly dividend 10% to \$0.4265 per share. This marks the fourth dividend increase for the independent company.

That same day, Constellation Energy announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 12.8% to \$6.07 billion, which was \$470 million more than expected. On an adjusted basis, earnings-per-share totaled \$2.30 and compared unfavorably to adjusted earnings-per-share of \$2.44 in the prior year, but this was \$0.05 ahead of estimates. For the year, revenue grew 8.1% to \$25.5 billion while adjusted earnings-per-share of \$9.39 compared to \$8.67 in 2024.

Constellation Energy's nuclear fleet produced 45,459 gigawatt-hours in the fourth quarter, down slightly from 45,494 gigawatt-hours in the prior year. Nuclear plants achieved a 93.1% capacity factor compared to 94.8% in Q4 2024. The dispatch match rate for natural gas and pumped storage fleet was 99.4% versus 93.2% in the prior year. Energy capture for the wind, solar, and run-of-river hydro fleet of 97.2% compared favorably to 95.7% in the prior year.

Constellation Energy will share its 2026 outlook during its Business and Earnings Outlook on March 31st, 2026. For now, we expect that the company will earn \$11.37 per share in 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.80	\$2.78	\$2.07	\$3.22	\$3.22	\$2.82	\$4.17	\$5.01	\$8.67	\$9.39	\$11.37	\$22.87
DPS	\$1.26	\$1.31	\$1.38	\$1.45	\$1.53	\$1.53	\$0.56	\$1.13	\$1.41	\$1.55	\$1.71	\$2.75
Shares¹	924	963	968	972	976	980	328	321	314	313	313	310

Note that we have elected to show Exelon Corporation's history in the table above to illustrate the type of operating company from which Constellation Energy was spun off. This is an imperfect measure, but does offer some clues to the consistency of the new business. We now expect that the company will produce annual earnings growth of 15%, up from 10%, through 2031 due to the strength in its business and strong recent results.

We believe Exelon Corporation's dividend history could serve as an indicator for Constellation Energy's future safety and growth. The parent company cut its dividend in both 2013 and 2014 in an effort to pay off debt associated with mergers and acquisitions. The dividend was cut once again in 2016. The company cut its dividend by 11.8% for the payment

¹ In millions of shares

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following the spinoff. We continue to expect 10% dividend growth as the last four increases have been at least this level and the payout ratio is very low.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.7	13.4	20.1	14.2	13.1	14.6	20.7	23.3	25.8	37.6	29.0	18.0
Avg. Yld.	3.7%	3.5%	3.3%	3.2%	3.6%	3.7%	0.6%	0.1%	0.6%	0.4%	0.5%	0.7%

Shares of Constellation Energy have declined \$30, or 8.3%, since our November 19th, 2025 report. The stock has traded with an average price-to-earnings ratio of nearly 27 since Constellation Energy became an independent company. For context, Exelon Corporation has an average P/E of ~18 over the last decade. Due to Constellation Energy’s only recent independence, along with the reluctance of some to embrace nuclear energy, coupled with the strong business performance we have assigned a target P/E of 18, up from 15. Shares trade at 29 times estimates for the year, implying a headwind from multiple compression. Valuation reversion could reduce annual returns by 9.1% through 2031.

The stock’s dividend yield is 0.5%, well below what utility stocks typically offer, even after the aggressive increases.

Safety, Quality, Competitive Advantage, & Recession Resiliency

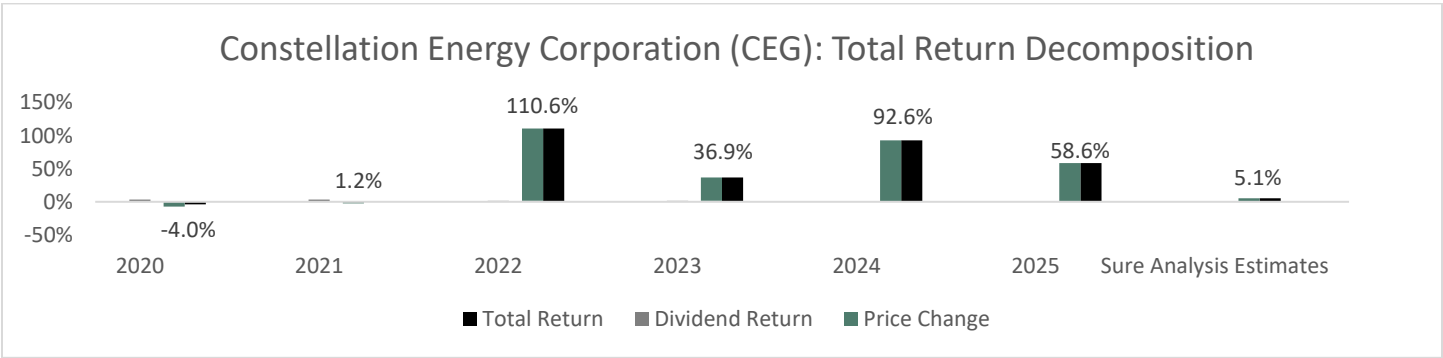
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	70%	47%	67%	45%	48%	54%	13%	23%	16%	17%	15%	12%

Constellation Energy does have some interesting competitive advantages. For one, the company is a major provider of energy in the U.S. The company is also present in nearly every state and has international operations. This gives it a size and scale that is unmatched among utility companies. Constellation Energy is highly focused on renewable forms of energy and has a goal to have its own operations be 100% carbon-free by 2040. The emphasis being placed on such forms of energy positions Constellation Energy ahead of many of its peer groups. Lastly, utility companies are often more recession proof than those in other sectors as customers typically prioritize power even in economic downturns. This usually results in slow, but consistent growth leading to higher dividends over time. Parent company Exelon Corporation did reduce its dividend several times during the last decade, but this was because the company raised a large amount of debt to fund mergers and acquisitions that are performing well today. Constellation Energy has a very healthy projected payout ratio, especially for a utility company.

Final Thoughts & Recommendation

Constellation Energy is now expected to return 5.1% annually through 2031, compared to our previous forecasted return of -8.3%. Our projection stems from a 15% earnings growth rate and a starting yield of 0.5% that are offset by a high single-digit headwind from multiple compression. Constellation Energy’s quarter was solid, but the stock’s valuation still leaves something to be desired. We continue to view shares as a hold, though we note the strong dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue		20,437	18,924	17,603	19,649	24,440	21,137	23,587	26,849
Gross Profit		1,483	1,815	727	(72)	1,283	1,705	4,549	4,660
Gross Margin		7.3%	9.6%	4.1%	-0.4%	5.2%	8.1%	19.3%	17.4%
Operating Profit		927	1,296	245	(547)	731	1,152	3,963	4,038
Operating Margin		4.5%	6.8%	1.4%	-2.8%	3.0%	5.5%	16.8%	15.0%
Net Profit		443	1,217	579	(83)	(167)	1,577	3,738	2,323
Net Margin		2.2%	6.4%	3.3%	-0.4%	-0.7%	7.5%	15.8%	8.7%
Free Cash Flow		1,619	1,028	(1,163)	(2,667)	(4,042)	(7,723)	(5,029)	1,288
Income Tax		(108)	516	249	225	(388)	859	774	1,187

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets			48,995	48,094	48,086	46,909	50,758	52,926	57,249
Cash & Equivalents			449	315	576	528	454	3,129	3,748
Accounts Receivable			3,020	1,368	1,724	2,585	1,934	3,116	3,577
Inventories			1,262	1,211	1,288	1,505	1,500	1,600	1,736
Goodwill & Int. Ass.			47	47	-	-	425	420	420
Total Liabilities			33,165	33,418	36,472	35,537	39,472	39,387	42,396
Long-Term Debt			7,974	6,087	6,114	4,609	7,617	8,923	7,775
Shareholder's Equity			13,484	12,399	11,219	11,018	10,925	13,166	14,517
LTD/E Ratio			0.62	0.58	0.73	0.52	0.85	0.68	0.65

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets				1.2%	-0.2%	-0.4%	3.2%	7.2%	4.2%
Return on Equity				3.8%	-0.6%	-1.5%	13.9%	30.1%	16.4%
ROIC				2.5%	-0.4%	-0.9%	8.4%	17.4%	9.9%
Shares Out.	963	968	972	976	980	328	321	314	313
Revenue/Share		62.56	57.93	53.89	60.15	74.51	65.24	74.88	85.51
FCF/Share		4.96	3.15	(3.56)	(8.16)	(12.32)	(23.84)	(15.97)	4.10

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

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