Public Service Enterprise Group Inc. (PEG)

Updated March 22nd, 2026 by Felix Martinez

Key Metrics

Current Price:	$79	**5 Year Annual Expected Total Return:**	5.3%	**Market Cap:**	$39.6 B
Fair Value Price:	$66	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	03/10/26
% Fair Value:	121%	**5 Year Valuation Multiple Estimate:**	-3.8%	**Dividend Payment Date:**	03/31/26
Dividend Yield:	3.4%	**5 Year Price Target**	$88	**Years Of Dividend Growth:**	15
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. PEG has approximately 13,000 employees and a market cap of $39.6 billion. The company has been growing dividends for fifteen consecutive years, and PEG has been paying the same or higher dividends for 21 years in a row.

On February 26th, 2026, the company reported fourth quarter results for fiscal year 2025. The company reported strong 2025 financial results, with both earnings and revenue exceeding expectations. Fourth-quarter EPS came in at $0.72 (non-GAAP), slightly above estimates, while revenue increased 18.3% year-over-year to $2.92 billion. For the full year, net income rose to $2.11 billion, or $4.22 per share, compared to $3.54 in 2024, while non-GAAP operating earnings reached $4.05 per share. This growth was driven primarily by higher regulated utility earnings, improved infrastructure investment returns, and solid nuclear generation output, partially offset by higher interest and operating costs.

Operational performance remained resilient despite severe weather conditions, with the company maintaining strong reliability and customer satisfaction metrics. Its regulated utility segment, PSE&G, benefited from rate base expansion, energy efficiency investments, and the implementation of new base rates, contributing significantly to earnings growth. Meanwhile, nuclear operations delivered a 91.2% capacity factor and generated 30.9 terawatt-hours of carbon-free electricity, supporting both grid reliability and profitability, although higher maintenance costs and the expiration of certain zero-emission credits weighed on quarterly results.

Looking ahead, PSEG guided for 2026 non-GAAP operating earnings of $4.28 to $4.40 per share, implying approximately 7% growth at the midpoint relative to 2025. The company also increased its long-term capital investment plan to $22.5–$25.5 billion through 2030, supporting projected rate base growth of 6% to 7.5% annually and a long-term earnings growth target of 6% to 8%. With a strong balance sheet, continued regulated investment, and consistent dividend increases—including a 6% hike to $2.68 per share in 2026—PSEG remains positioned as a stable, growth-oriented utility, though future performance will depend on regulatory outcomes, cost control, and execution of its capital program.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.90	$2.93	$3.12	$3.28	$3.43	$3.65	$3.47	$3.48	$3.68	$4.05	***$4.37***	***$5.85***
DPS	$1.64	$1.72	$1.80	$1.88	$1.96	$2.04	$2.16	$2.28	$2.40	$2.52	***$2.68***	***$3.26***
Shares[1]	508.0	507.0	507.0	507.0	507.0	504.0	504.0	498.0	500.0	501.0	***502.0***	***504.0***

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 3.7% growth rate that the company has experienced for the past 5-year average. It is also higher than the 3.8% earnings growth over the

[1] Share count is in millions.

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.

past decade. The dividend has been growing slightly better than earnings. The dividend has had a CAGR of 5.6% 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 FY2025, PEG had a net margin of 17.2%.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	15.1	17.6	16.7	17.9	17.0	18.3	17.7	17.6	22.9	19.9	***18.2***	***15.0***
Avg. Yld.	3.7%	3.3%	3.5%	3.2%	3.4%	3.1%	3.5%	3.7%	2.8%	3.1%	***3.4%***	***3.7%***

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 18.1x. Thus, we see an annual headwind due to multiple contractions. The current dividend yield of 3.4% is in-line with its 5-year average of 3.3% and not as attractive as other utility companies with a higher dividend yield.

Safety, Quality, Competitive Advantage, & Recession Resiliency

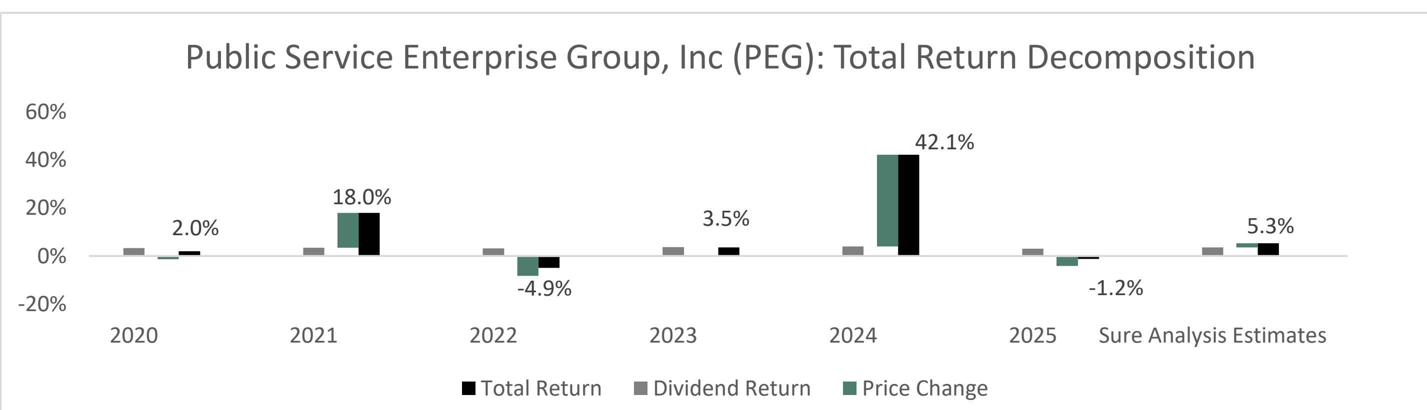
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	57%	59%	58%	57%	57%	56%	62%	66%	65%	62%	***61%***	***56%***

PEG's competitive advantage is that it is a state-regulated business, which requires substantial 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 3.5x. However, the company does have more debt than assets, as the current ratio is 0.8. PEG's dividend payout ratio has been increasing but the payout is still acceptable 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 $66. There are not many growth prospects available to the company currently. Thus, we see a 5-year projected annual return of 5.3%. Most of this return will come from the 3.4% dividend yield. We rate PEG as a hold at the current price.

Total Return Breakdown by Year



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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.	$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.