# CMS Energy Corp. (CMS)

*Updated April 28th, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $76 | **5 Year CAGR Estimate:** | 10.5% | **Market Cap:** | $23.4B |
| **Fair Value Price:** | $78 | **5 Year Growth Estimate:** | 7.5% | **Ex-Dividend Date:** | 05/08/2026 |
| **% Fair Value:** | 98% | **5 Year Valuation Multiple Estimate:** | 0.5% | **Dividend Payment Date:** | 05/29/2026 |
| **Dividend Yield:** | 3.0% | **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 April 28th, CMS shared its earnings report for the first quarter ended March 31st, 2026. The company's total operating revenue climbed 11.6% higher over the year-ago period to $2.73 billion during the quarter. Recent rate case approvals for its electric and gas rate requests boosted CMS's topline in the quarter. The approval of the 2026 Reliability Action Plan also allowed for expedited cost recovery on investments made to harden the grid against extreme weather and modernize aging infrastructure. By turning capex into rate base more quickly, CMS can recognize revenue from such investments almost immediately upon deployment now. Finally, the shift in their customer profile is beginning to show up in the topline. The regulated utility's adjusted diluted EPS rose by 10.8% year-over-year to $1.13 for the quarter. That exceeded the analyst consensus during the quarter by $0.03.

## 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 | ***$3.88*** | ***$5.57*** |
| **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*** |
| **Shares[1]** | 279.2 | 281.6 | 283.4 | 283.9 | 288.9 | 289.8 | 291.3 | 294.4 | 298.8 | 304.3 | ***308.9*** | ***355.0*** |

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 CMS anticipates around $750 million in annual share issuances, we expect sustained growth in the share count in the coming years. Overall, we believe that annual adjusted EPS growth will be 7.5% through 2031, off an anticipated 2026 base of $3.88.

[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 | ***19.5*** | ***20.0*** |
| **Avg. Yld.** | 3.0% | 2.8% | 2.9% | 2.4% | 2.7% | 2.7% | 2.9% | 3.4% | 3.1% | 3.1% | ***3.0%*** | ***2.7%*** |

Over the past decade, CMS's shares have been valued at a multiple as low as the high-teens to as high 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 2.7% over that time. This means there was a nearly 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 low-4% range in the years ahead, that would produce a fair value multiple of 20x. The current P/E ratio of right around 19.5 implies the stock is modestly discounted.

## 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%*** |

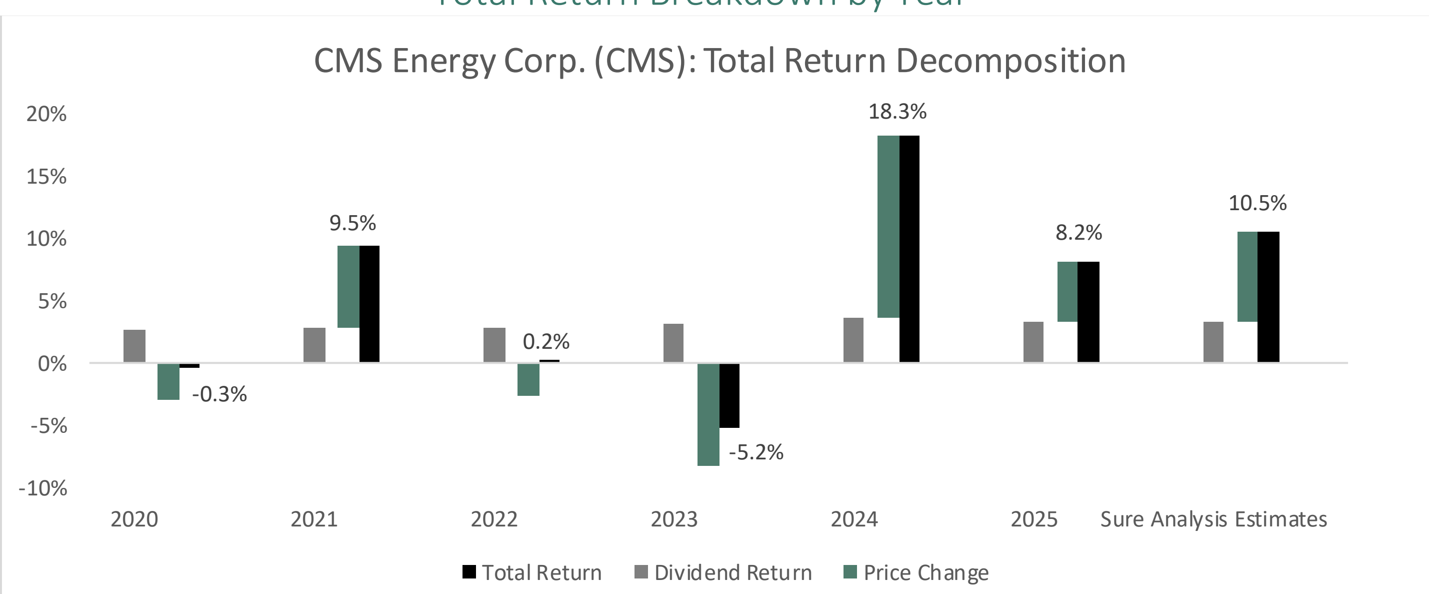
CMS's core competitive advantage is that it's a regulated utility. These businesses operate as government-backed monopolies, and as such, they don't have to worry about any new competition coming in and disrupting their business. Simultaneously, however, the stringent regulations they operate under make 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' 3.0% dividend yield, 7.5% annual adjusted EPS growth prospects, and 0.5% annual valuation multiple upside could lead to 10.5% annual total returns through 2031. In closing, we're reiterating 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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 6,399 | 6,583 | 6,873 | 6,845 | 6,418 | 7,329 | 8,596 | 7,462 | 7,515 | 8,539 |
| Gross Profit | 1,577 | 1,622 | 1,465 | 1,572 | 1,587 | 1,535 | 1,636 | 1,682 | 1,969 | 2,240 |
| Gross Margin | 24.6% | 24.6% | 21.3% | 23.0% | 24.7% | 20.9% | 19.0% | 22.5% | 26.2% | 26.2% |
| D&A Exp. | 811 | 881 | 933 | 992 | 1,043 | 1,114 | 1,126 | 1,180 | 1,240 | 1,306 |
| Operating Profit | 1,296 | 1,338 | 1,162 | 1,239 | 1,230 | 1,146 | 1,224 | 1,235 | 1,487 | 1,727 |
| Op. Margin | 20.3% | 20.3% | 16.9% | 18.1% | 19.2% | 15.6% | 14.2% | 16.6% | 19.8% | 20.2% |
| Net Profit | 553 | 462 | 659 | 682 | 694 | 728 | 809 | 807 | 947 | 1,002 |
| Net Margin | 8.6% | 7.0% | 9.6% | 10.0% | 10.8% | 9.9% | 9.4% | 10.8% | 12.6% | 11.7% |
| Free Cash Flow | (43) | 40 | (371) | (314) | (1,035) | (257) | (1,519) | (910) | (648) | (1,589) |
| Income Tax | 273 | 424 | 115 | 147 | 115 | 95 | 93 | 147 | 176 | 246 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 21,622 | 23,050 | 24,529 | 26,837 | 29,666 | 28,753 | 31,353 | 34,276 | 36,511 | 40,388 |
| Cash & Equiv. | 254 | 199 | 174 | 157 | 49 | 476 | 182 | 248 | 178 | 615 |
| Acc. Receivable | 1,013 | 1,242 | 1,227 | 1,126 | 872 | 943 | 1,580 | 944 | 1,063 | 1,323 |
| Inventories | 626 | 672 | 650 | 605 | 576 | 667 | 1,117 | 938 | 769 | 791 |
| Total Liabilities | 17,332 | 18,572 | 19,737 | 21,782 | 23,589 | 21,565 | 23,758 | 26,151 | 27,763 | 30,677 |
| Accounts Payable | 610 | 740 | 733 | 635 | 668 | 886 | 936 | 809 | 1,093 | 1,404 |
| Long-Term Debt | 9,636 | 10,317 | 11,680 | 13,194 | 12,416 | 12,497 | 14,316 | 15,572 | 16,522 | 18,917 |
| Total Equity | 4,253 | 4,441 | 4,755 | 5,018 | 5,496 | 6,407 | 6,791 | 7,320 | 8,006 | 8,920 |
| LTD/E Ratio | 2.36 | 2.36 | 2.48 | 2.65 | 2.26 | 1.89 | 2.04 | 2.08 | 2.02 | 2.07 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 2.6% | 2.1% | 2.8% | 2.7% | 2.5% | 2.5% | 2.7% | 2.5% | 2.7% | 2.6% |
| Return on Equity | 13.4% | 10.5% | 14.2% | 13.9% | 12.5% | 11.0% | 10.9% | 10.3% | 11.2% | 10.9% |
| ROIC | 4.0% | 3.2% | 4.2% | 3.9% | 3.8% | 3.8% | 3.9% | 3.5% | 3.9% | 3.7% |
| Shares Out. | 279.2 | 281.6 | 283.4 | 283.9 | 288.9 | 289.8 | 291.3 | 294.4 | 298.8 | 304.3 |
| Revenue/Share | 22.94 | 23.44 | 24.29 | 24.08 | 22.42 | 25.32 | 29.64 | 25.58 | 25.19 | 28.37 |
| FCF/Share | (0.15) | 0.14 | (1.31) | (1.10) | (3.62) | (0.89) | (5.24) | (3.12) | (2.17) | (5.28) |

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