



# FirstEnergy Corp. (FE)

Updated April 30<sup>th</sup>, 2026 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$49	<b>5 Year Annual Expected Total Return:</b>	5.3%	<b>Market Cap:</b>	\$28.3 B
<b>Fair Value Price:</b>	\$38	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	05/07/2025
<b>% Fair Value:</b>	129%	<b>5 Year Valuation Multiple Estimate:</b>	-4.9%	<b>Dividend Payment Date:</b>	06/01/2025
<b>Dividend Yield:</b>	3.8%	<b>5 Year Price Target</b>	\$53	<b>Years Of Dividend Growth:</b>	4
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Utilities	<b>Rating</b>	Hold

## Overview & Current Events

FirstEnergy Corp, through its subsidiaries, generates, transmits, and distributes electricity in the United States. The company operates through Regulated Distribution and Regulated Transmission segments. It owns and manages hydroelectric, coal-fired, nuclear, and natural gas, as well as renewable power generating facilities. Its 10 electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland, and New York. The \$28.3 billion company serves approximately six million customers.

On April 28<sup>th</sup>, 2026, FirstEnergy released its first-quarter results for the period ending March 31<sup>st</sup>, 2026. Revenue totaled \$4.2 billion, up from \$3.8 billion in the first quarter of 2025. GAAP EPS came in at \$0.70, compared to \$0.62 in 2025, while Core (non-GAAP) EPS was \$0.72, up from \$0.67 last year. These results were driven by continued execution of FirstEnergy's Energize365 investment program, including nearly \$1.4 billion of customer-focused capital deployed in the quarter, formula rate investment returns, and strong financial discipline around operating expenses. These gains were partially offset by higher storm restoration expenses, increased financing costs to fund investments, and slightly lower Corporate/Other results due to higher interest expense.

Specifically, the Distribution segment's Core Earnings increased by \$0.03 per share year-over-year, primarily benefiting from higher rates and lower operating expenses. The Integrated segment's Core Earnings increased by \$0.01 per share, supported by 19% transmission rate base growth and stronger customer demand, though results were tempered by higher storm restoration expenses and increased financing costs. The Stand-Alone Transmission segment posted higher Core Earnings, up \$0.02 per share, driven by capital investments that produced an 11% increase in rate base year-over-year, while special items affected GAAP results across periods.

Management reaffirmed its 2026 Core EPS guidance range of \$2.62–\$2.82 and its \$36 billion Energize365 capital investment plan for 2026–2030, representing nearly 30% growth versus the prior five-year plan and targeting Core EPS compounded annual growth near the top end of 6%–8% through 2030. All past entries in the table reflect GAAP results.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	(\$14.50)	(\$3.88)	\$1.99	\$1.70	\$1.99	\$2.35	\$0.71	\$1.96	\$1.70	\$1.77	<b>\$2.72</b>	<b>\$3.81</b>
<b>DPS</b>	\$1.44	\$1.44	\$1.44	\$1.53	\$1.56	\$1.56	\$1.56	\$1.58	\$1.69	\$1.76	<b>\$1.86</b>	<b>\$2.16</b>
<b>Shares<sup>1</sup></b>	426.0	444.0	492.0	535.0	543.0	545.0	571.0	574.0	577.0	578.0	<b>580.0</b>	<b>630.0</b>

FirstEnergy's (\$FE) EPS over the last decade reflects a dramatic pivot from a collapsing merchant power business to a regulated utility model, marred by legal fallout. The massive losses in 2016–2017 were driven by multi-billion dollar write-downs as the company exited its unprofitable coal and nuclear generation fleet. EPS stabilized as a "pure-play" regulated utility until 2022, when EPS plummeted to \$0.71 due to heavy penalties and settlements stemming from the House Bill 6 bribery scandal. The recovery in 2023–2025 shows a return to normalcy, powered by aggressive

<sup>1</sup> Share count is in millions.

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transmission and distribution investments (Energize365), though 2025 results remain slightly suppressed by a \$250 million regulatory penalty in Ohio.

Management's long-term operating EPS growth outlook forecasts annualized growth between 6% and 8%. Therefore, we have set our medium-term EPS CAGR estimate at 7%. We have also our medium-term DPS CAGR estimate at 3%.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	---	31.0	21.0	15.0	17.0	---	18.9	22.9	23.7	<b>18.0</b>	<b>14.0</b>
Avg. Yld.	6.9%	4.7%	4.4%	4.8%	5.2%	3.9%	4.1%	4.3%	4.3%	4.2%	<b>3.8%</b>	<b>4.0%</b>

In line with the company's volatile earnings, FirstEnergy's valuation has fluctuated wildly. Shares are currently trading at 18.0 times the midpoint of this year's adjusted EPS guidance. This multiple is lower than the stock's historical average, but the recent multiple compression reflects the notably higher interest rates that persist these days. If anything, we believe the stock's valuation should hover at significantly lower levels as the stock's dividend yield is still not be high enough to attract investor interest as a utility stock.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

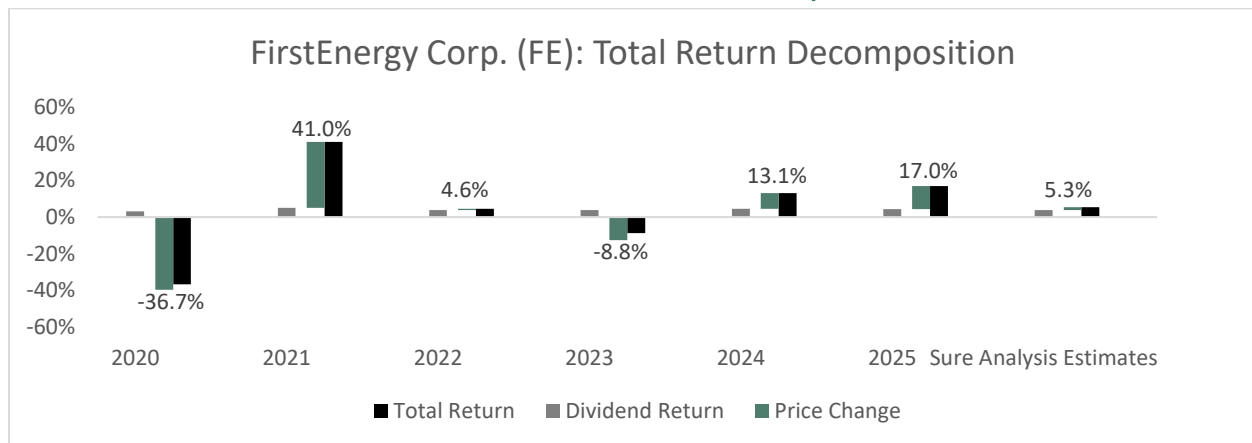
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	72%	90%	78%	66%	---	81%	99%	99%	<b>68%</b>	<b>57%</b>

FirstEnergy's regulated "pure-play" model provides a strong defensive moat, as the essential nature of its transmission and distribution services ensures recession resiliency and steady cash flow. The Energize365 program, a \$36 billion investment plan through 2030, aims to improve grid quality and reliability, supporting predictable earnings growth. However, we should highlight a history of governance failures. While recent credit upgrades to BBB+ reflect improved internal controls, the House Bill 6 scandal cast a long shadow, resulting in a \$250 million penalty in 2025 and lingering "trust deficits" with regulators. Furthermore, the company's heavy debt load and massive capital requirements expose it to interest rate risks and potential regulatory pushback on customer affordability, creating a delicate balance between infrastructure modernization and financial safety.

## Final Thoughts & Recommendation

FirstEnergy investors have seen little to no capital gains for 20 years. However, management seems to be executing a solid plan, pointing to earnings and dividend growth over the medium-term. Still, based on our projected growth of 7.0%, the 3.8% yield, and the 4.9% annual valuation headwind, we project modest annualized returns of 5.3% through 2031. We rate shares as a hold.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	10700	10928	11261	11035	10790	11130	12460	12870	13470	15090
<b>Gross Profit</b>	6819	7505	7614	7611	7720	7687	7866	8224	9096	4178
<b>Gross Margin</b>	63.7%	68.7%	67.6%	69.0%	71.5%	69.1%	63.1%	63.9%	67.5%	27.7%
<b>SG&amp;A Exp.</b>	102	102	144	674	477	(382)	(72)	78	---	---
<b>D&amp;A Exp.</b>	1974	1700	1384	1217	1199	1601	1317	1280	1588	1607
<b>Operating Profit</b>	1995	2326	2358	1836	1685	2229	1982	2188	2375	2833
<b>Operating Margin</b>	18.6%	21.3%	20.9%	16.6%	15.6%	20.0%	15.9%	17.0%	17.6%	18.8%
<b>Net Profit</b>	(6177)	(1724)	1348	912	1079	1283	406	1102	978	1271
<b>Net Margin</b>	-57.7%	-15.8%	12.0%	8.3%	10.0%	11.5%	3.3%	8.6%	7.3%	8.4%
<b>Free Cash Flow</b>	316	967	(1265)	(198)	(1234)	366	(73)	1387	(1139)	(1005)
<b>Income Tax</b>	527	1715	490	213	126	320	1000	267	377	288

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	43148	42257	40063	42301	44460	45430	46110	48770	52040	55900
<b>Cash &amp; Equivalents</b>	199	588	367	627	1734	1462	160	137	111	99
<b>Accounts Receivable</b>	833	754	686	564	1203	1033	1318	717	867	1726
<b>Inventories</b>	564	236	252	281	317	260	421	512	549	577
<b>Goodwill &amp; Int. Ass.</b>	5618	5618	5618	5698	5691	5618	5618	5618	5618	5618
<b>Total Liabilities</b>	36907	38332	33249	35326	37230	36760	35460	37850	38320	41980
<b>Accounts Payable</b>	1043	827	965	918	827	943	1503	1362	1575	2002
<b>Long-Term Debt</b>	22552	19545	19504	20998	24460	23840	21650	24910	24020	26460
<b>Shareholder's Equity</b>	6241	3925	6743	6975	7237	8675	10170	10440	12460	12510
<b>LTD/E Ratio</b>	3.61	4.98	2.86	3.01	3.38	2.75	2.13	2.39	1.93	2.15

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	-13.0%	-4.0%	3.3%	2.2%	2.5%	2.9%	0.9%	2.3%	1.9%	2.4%
<b>Return on Equity</b>	-66.2%	-33.9%	25.3%	13.3%	15.2%	16.1%	4.3%	10.2%	7.9%	9.2%
<b>ROIC</b>	-19.6%	-6.6%	5.4%	3.4%	3.6%	4.0%	1.3%	3.2%	2.7%	3.2%
<b>Shares Out.</b>	426	444	492	535	543	546	572	574	577	578
<b>Revenue/Share</b>	25.12	24.61	22.80	20.36	19.87	20.39	21.78	22.42	23.35	26.11
<b>FCF/Share</b>	0.74	2.18	(2.56)	(0.37)	(2.27)	0.67	(0.13)	2.42	(1.97)	(1.74)

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

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