Public Service Enterprise Group Inc. (PEG)

Updated June 13th, 2026 by Felix Martinez

Key Metrics

Current Price:	$80	**5 Year Annual Expected Total Return:**	5.2%	**Market Cap:**	$39.7 B
Fair Value Price:	$66	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	06/09/26
% Fair Value:	122%	**5 Year Valuation Multiple Estimate:**	-3.8%	**Dividend Payment Date:**	06/30/26
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 $39.7 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 May 5th, 2026, the company reported first quarter results for fiscal year 2026. The company reported strong first-quarter 2026 results, with revenue rising 19.4% to $3.85 billion. Net income increased to $741 million, or $1.48 per share, compared to $589 million, or $1.18 per share, in the prior-year quarter. Non-GAAP operating earnings rose to $778 million, or $1.55 per share, beating estimates by $0.12 and up from $1.43 per share last year. The company maintained its full-year 2026 non-GAAP operating earnings guidance of $4.28–$4.40 per share.

PSE&G delivered solid results driven by ongoing investments in energy efficiency, gas system modernization, and transmission, along with higher customer usage during winter weather. PSEG Power & Other benefited from higher realized power prices and lower O&M costs, partially offset by lower generation volumes. Nuclear output remained strong at nearly 8 TWh of carbon-free baseload power. The company successfully managed multiple severe winter storms, including the worst in 30 years, while maintaining best-in-class reliability.

PSEG ended the quarter with a strong balance sheet and continues executing its long-term strategy of 6–8% compound annual growth in non-GAAP operating earnings through 2030 without issuing new equity. CEO Ralph LaRossa highlighted flat electric and gas rates for customers in 2026 and the company's focus on infrastructure investment and operational excellence.

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 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%.

[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.

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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

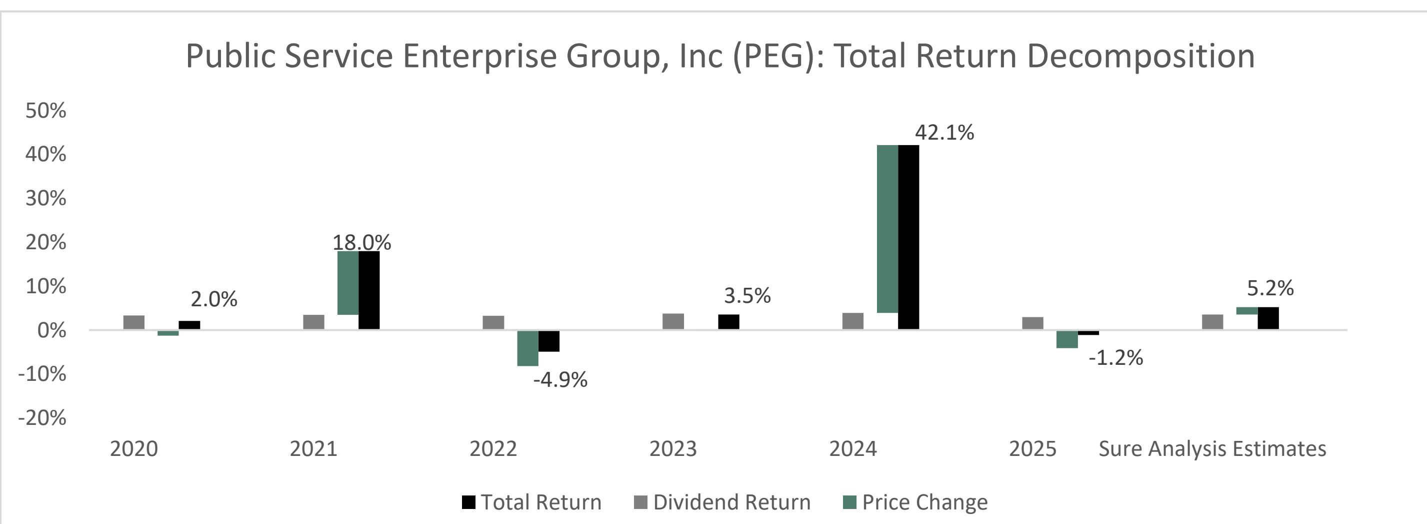
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	57%	59%	58%	57%	57%	56%	62%	66%	65%	62%	***61%***	***56%***

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 5.2%. 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	9,696	10,076	9,696	10,076	9,603	9,722	9800	11240	10290	12168
Gross Profit	3,402	3,593	3,402	3,593	3,432	2,997	2604	4827	3541	4237
Gross Margin	35.1%	35.7%	35.1%	35.7%	35.7%	30.8%	26.6%	42.9%	34.4%	34.8%
SG&A Exp.										
D&A Exp.	1,345	1,426	1,345	1,426	1,469	1,403	1283	1324	1373	1459
Operating Profit	2,244	2,345	2,244	2,345	2,147	1,762	1477	3474	2359	2980
Operating Margin	23.1%	23.3%	23.1%	23.3%	22.4%	18.1%	15.1%	30.9%	22.9%	24.5%
Net Profit	1,438	1,693	1,438	1,693	1,905	-648	1031	2563	1772	2111
Net Margin	14.8%	16.8%	14.8%	16.8%	19.8%	-6.7%	10.5%	22.8%	17.2%	17.4%
Free Cash Flow	-1,145	115	-1145	115	68	-1,081	-1385	481	-1247	26
Income Tax	417	257	417	257	396	-441	-29	518	53	263

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	45,326	47,730	45,326	47,730	50,050	48,999	48718	50740	54640	57576
Cash & Equivalents	177	147	177	147	543	818	465	54	125	132
Accounts Receivable	1,435	1,313	1,435	1,313	1,410	1,859	1944	1482	1597	1888
Inventories	902	897	902	897	878	744	960	1023	1124	1155
Goodwill & Int.	159	149	159	149	158	20	14			
Total Liabilities	30,949	32,641	30,949	32,641	34,066	34,561	34989	35260	38530	40594
Accounts Payable	1,451	1,358	1,451	1,358	1,332	1,315	1271	1214	1136	1489
Long-Term Debt	15,478	16,223	15,478	16,223	17,243	19,438	20270	20230	18964	21670
Shareholder's Equity	14,377	15,089	14,377	15,089	15,984	14,438	13729	15480	14000	16982
D/E Ratio	1.08	1.08	1.08	1.08	1.08	1.35	1.48	1.31	1.42	1.43

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.3%	3.6%	3.3%	3.6%	3.9%	-1.3%	2.1%	5.2%	3.4%	3.8%
Return on Equity	10.2%	11.5%	10.2%	11.5%	12.3%	-4.3%	7.3%	17.6%	11.2%	12.8%
ROIC	5.0%	5.5%	5.0%	5.5%	5.9%	-1.9%	3.0%	7.4%	11.8%	4.7%
Shares Out.	507	507	507	507	507	504	501	500	500	501
Revenue/Share	19.12	19.87	19.12	19.87	18.94	19.29	19.56	22.47	20.58	24.29
FCF/Share	-2.26	0.23	-2.26	0.23	0.13	-2.14	-2.8	0.96	-2.49	0.05

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