



CMS Energy Corp. (CMS)

Updated July 28th, 2026, by Kody Kester

Key Metrics

Current Price:	\$76	5 Year CAGR Estimate:	10.4%	Market Cap:	\$23.6B
Fair Value Price:	\$78	5 Year Growth Estimate:	7.5%	Ex-Dividend Date:	08/07/2026
% Fair Value:	98%	5 Year Valuation Multiple Estimate:	0.4%	Dividend Payment Date:	09/01/2026
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 Jul. 28, the utility released its financial results for the second quarter ended Jun. 30, 2026. The company's total operating revenue decreased by 0.5% year-over-year to \$1.83 billion in the quarter. Less extreme weather across its service territories compared to the year-ago period was one reason for the lower total operating revenue. Another factor was lower pass-through costs, which are passed onto customers. One more element behind the lower topline had to do with comparatively elevated downtime from restoration in Q2 2026 versus Q2 2025. CMS's adjusted diluted EPS fell 47.9% year-over-year to \$0.37 during the quarter, which was due to timing shifts in O&M expenses and restoration costs. This beat the analyst consensus for the quarter by \$0.01. Management reiterated its full-year adjusted EPS guidance of \$3.83 to \$3.90.

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
Shares¹	279.2	281.6	283.4	283.9	288.9	289.8	291.3	294.4	298.8	304.3	310.8	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 continue to forecast 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	19.6	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 traded 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 75 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 to mid-4% range in the years ahead, that would produce a fair value multiple of 20x. The current P/E ratio of right around 19.6 implies the stock is slightly undervalued.

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%

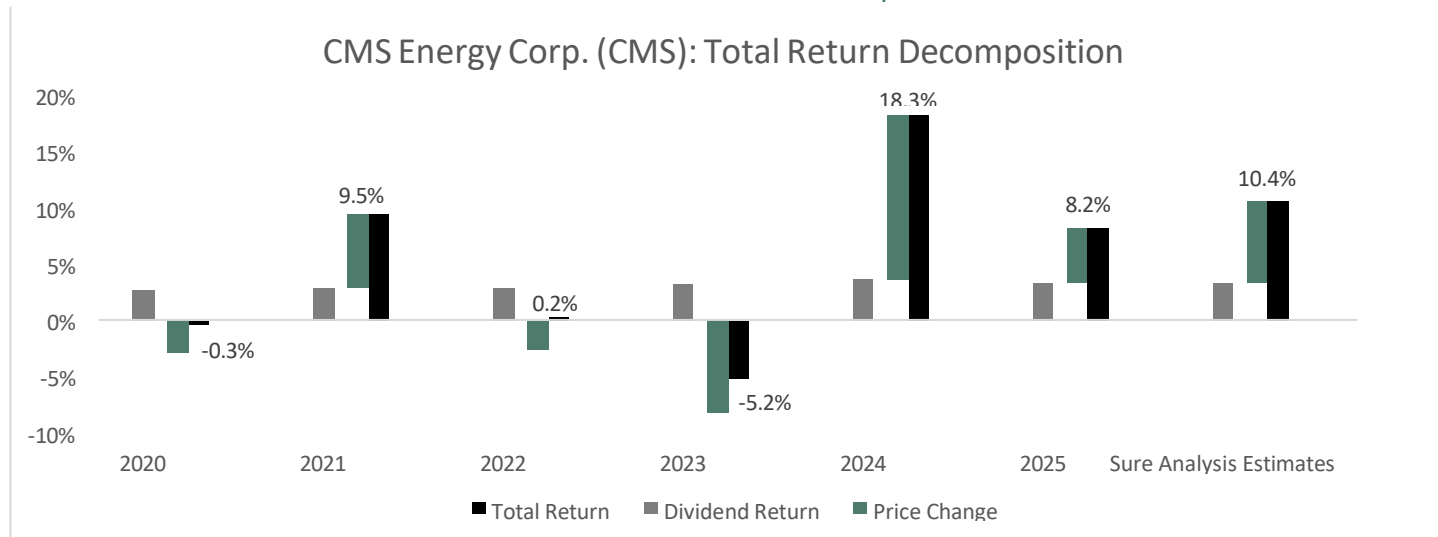
CMS's core competitive advantage is that it's a regulated utility. These businesses operate as government-backed monopolies, and as such, they don't have to worry about any new competition coming in and disrupting their business. Simultaneously, however, the stringent regulations they operate under make 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 still 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 0.4% annual valuation multiple upside could lead to 10.4% annual total returns through 2031. That's why we're maintaining 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.

Disclaimer

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