

CMS Energy Corporation (CMS)

\$69.91 (Stock Price as of 12/16/2025)

Price Target (6-12 Months): **\$78.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/16/22)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: D

Value: C

Growth: D

Momentum: B

Summary

CMS Energy's third-quarter earnings surpassed estimates. The company remains one of Michigan's primary utility providers and aims to invest \$20 billion in infrastructure upgrades and clean energy generation during 2025-2029. It has also been rapidly expanding its renewable generation portfolio in recent times. The company has been reducing its coal-generating units to promote clean energy and reduce emissions. However, it incurs notable costs related to the construction, operation and closure of solid waste disposal facilities for coal ash, which may hurt its earnings. An increase in customers' use of distributed energy resources could adversely impact CMS Energy. The stock is expensive compared to its industry. It has underperformed its industry in the year-to-date period.

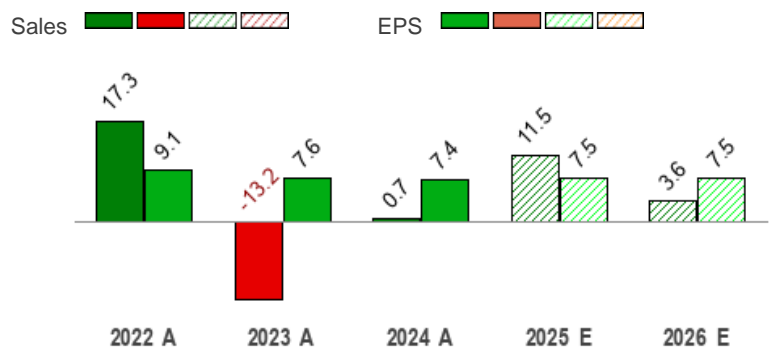
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$76.45 - \$63.97
20 Day Average Volume (sh)	1,995,388
Market Cap	\$21.3 B
YTD Price Change	4.9%
Beta	0.47
Dividend / Div Yld	\$2.17 / 3.1%
Industry	Utility - Electric Power
Zacks Industry Rank	Top 34% (81 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Last EPS Surprise	8.1%
Last Sales Surprise	11.2%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/05/2026
Earnings ESP	-2.9%

Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	2,444 E	1,869 E	1,929 E	2,198 E	8,682 E
2025	2,447 A	1,838 A	2,021 A	2,124 E	8,380 E
2024	2,176 A	1,607 A	1,743 A	1,989 A	7,515 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1.14 E	0.61 E	1.01 E	1.11 E	3.86 E
2025	1.02 A	0.71 A	0.93 A	1.00 E	3.59 E
2024	0.97 A	0.66 A	0.84 A	0.87 A	3.34 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/16/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/17/2025.

Overview

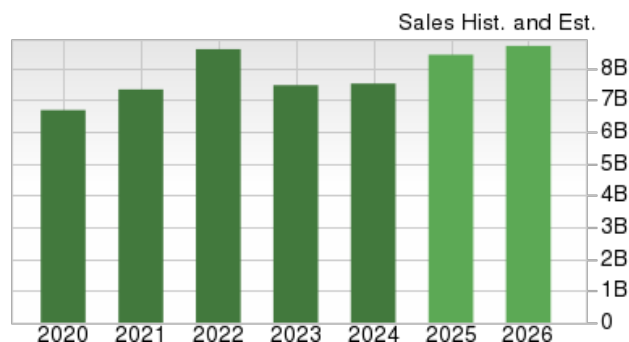
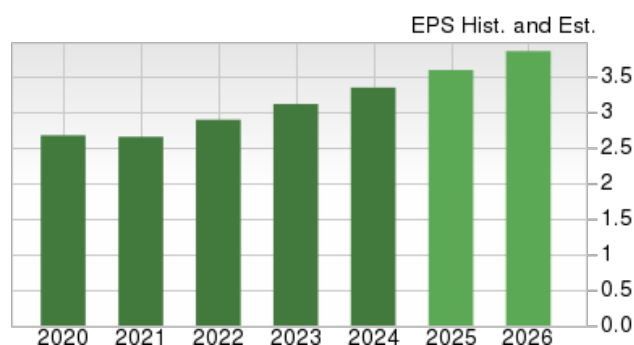
Jackson, MI-based CMS Energy Corporation (CMS), formed in 1987, is an energy company. It is the parent holding company of Consumers, an electric and gas utility, and NorthStar Clean Energy, a primarily domestic independent power producer and marketer. Consumers is an electric and gas utility company that provides electricity and/or natural gas to 6.8 million of Michigan's 10 million residents. In 2023, Consumers served 1.9 million electric customers and 1.8 million gas customers in Michigan's Lower Peninsula.

CMS Energy operates principally under three business segments — Electric Utility, Gas Utility and NorthStar Clean Energy.

Electric Utility consists of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan. Operating revenues from this segment amounted to \$5.06 billion in 2024.

Gas Utility consists of regulated activities associated with the purchase, transmission, storage, distribution and sale of natural gas in Michigan. Operating revenues from this segment amounted to \$2.14 billion in 2024.

NorthStar Clean Energy, through its subsidiaries and equity investments, is engaged in domestic, independent power production, including the development and operation of renewable generation and the marketing of independent power production. Operating revenues from this segment amounted to \$0.32 billion in 2024.



As of 11/17/2025



As of 12/16/2025

Reasons To Buy:

- ▲ CMS Energy benefits from stable and regulated utility operations in Michigan, a solid capital investment plan focused on infrastructure modernization and the transition to clean energy, and a favorable regulatory environment that supports financial performance. More than 95% of the company's earnings come from its regulated electric and gas utilities, which provide a low-risk, stable revenue stream.

CMS Energy is investing heavily in infrastructure upgrades, replacements of old infrastructures and clean power generation to improve customer reliability and resiliency of its infrastructure. To achieve this, the company plans to make capital expenditures worth \$20 billion during 2025-2029. Out of this, the company will invest nearly \$6.3 billion to sustain deliverability, enhance pipeline integrity and safety, and reduce methane emissions. On the other hand, electric distribution and other projects comprise \$8.5 billion to strengthen circuits and substations, replace poles and interconnect clean energy resources. Buoyed by such strong investment plans, CMS Energy expects its annual earnings per share to improve toward the high end of the guided range of 6-8% in the long haul.

CMS Energy's robust investment in infrastructure upgrades and renewable project will boost its earnings growth. CMS Energy has also been reducing its coal-generating units to promote clean energy

- ▲ Improved economic conditions and increased demand for utility services from the commercial and industrial sectors, particularly backed by growing data centers, are driving the performance of utility providers. The company has signed contracts to provide power for major data center expansion projects, which is contributing to its earnings growth and enhancing shareholders' value. It has reached an agreement with a new data center, which is expected to add up to 1 GW of incremental load growth in its service territory. As data centers continue to expand, especially with the rise of AI, CMS Energy is positioned to capture even more demand for its services.
 - ▲ CMS Energy is benefiting from its Reliability Roadmap through improved customer service, enhanced system resilience and the successful use of technology. The company is working to restore power to all customers within 24 hours, a goal it is making significant progress on. The company filed its updated five-year electric Reliability Roadmap with the Michigan Public Service Commission in 2025. Consumers Energy's 5-year Electric Reliability Roadmap outlines major investments to strengthen Michigan's grid, enabling it to better withstand extreme weather and improve service. The plan is already delivering results, with 2024 marking the utility's best reliability in over 20 years and more than 93% of customers restored within 24 hours —positioning the system for long-term dependability.
- The plan boosts reliability by prioritizing three areas — infrastructure upgrades such as stronger poles, improved circuit design, and cost-effective line burial; expanded forestry management to reduce outages by increasing tree-trimming efforts; and greater grid automation through smart meters, sensors, and automated devices that improve monitoring, power delivery, and rapid issue resolution. The 10-year Electric Reliability Roadmap includes up to 400 miles of undergrounding and 20k pole replacements per year.
- ▲ With increased social awareness about renewable energy expansion, economic and environmental, social, and governance (ESG) incentives are available for utility companies like CMS Energy. Therefore, the company has been rapidly expanding its renewable generation portfolio in recent times. The company plans to add 9 GW of solar and 4 GW of wind to its generation portfolio over the next two decades. It also plans to add more than 850 MW of battery storage by 2030.

Currently, more than 15% of the electricity Consumers Energy supplies to customers comes from renewable energy sources. Under its renewable energy plan, Consumers Energy has acquired three wind generation projects, totaling 517 MW of nameplate capacity, since 2020. Consumers Energy's updates to its renewable energy plan include up to 9,000 MW of both purchased and owned solar energy resources and the addition of up to 2,800 MW of new, competitively bid wind energy resources. Coupled with updates to the Clean Energy Plan, these actions will enable Consumers Energy's to achieve 60% renewable energy by 2035 and 100% clean energy by 2040. Consumers Energy has contracted to purchase 700 MW of capacity from battery storage facilities, which will be located at Michigan's Lower Peninsula and are expected to be operational by 2028.

Reasons To Sell:

- ▼ Despite executing several pollution-control measures at its power-generating facilities, the increasing stringency of environmental regulations on curbing carbon emissions during electricity generation is a major concern. As of Dec. 31, 2024, coal accounted for about 20% of its total electric generation mix. The company incurs significant costs related to the construction, operation and closure of solid waste disposal facilities for coal ash. Consumers had earlier estimated that the company will have to incur capital expenditures of \$240 million from 2025 through 2029 to comply with these regulations. This might impact CMS Energy's bottom line.
- ▼ The Michigan law allows customers to use distributed energy resources for their electric energy needs, which are connected to Consumers' electric grid. The 2023 Energy Law increased the cap on distributed generation to 10% of utilities' peak loads. It also specifies an inflow and outflow rate method that must be implemented by the MPSC and provides federal funding for low-income distributed generation. The recent FERC policy allows many customer-owned, behind-the-meter, and grid-connected distributed energy resources to participate in and receive revenues from wholesale electricity markets. Increased customer use of distributed energy resources could result in a reduction of Consumers' electric sales. An increase in customers' use of distributed energy resources could, therefore, have a material adverse effect on CMS Energy and Consumers.
- ▼ A comparative analysis of CMS Energy's forward 12-month price/earnings (P/E) ratio reflects a relatively gloomy picture that might be a cause of investors' concern. The stock currently has a forward 12-month P/E ratio of 19.36X, which is higher than the industry's average of 17.14X. This suggests that investors will be paying a higher price than the company's expected earnings growth.
- ▼ The company had cash and cash equivalents of \$362 million as of Sept. 30, 2025. Its long-term debt was \$16.77 billion, whereas its current debt totaled \$1.16 billion. A comparative analysis of these figures shows that CMS Energy's long-term as well as current debt came in higher than its cash reserve. So, we may safely conclude that the company has a weak solvency position.

Unfavorable expenditures related to closure of solid waste disposal facilities for coal ash and unfavorable valuation might be potential growth deterrents for the company.

Currently, the company's total debt to capital is 65.54%, higher than the industry's average of 61.29%. This indicates a higher degree of financial leverage and risk, as the company has a greater obligation to pay back its debts. This might have caused CMS Energy to underperform its industry in recent times. The stock has gained 10.9% in the year-to-date period compared with the industry's growth of 34.5%.

Last Earnings Report

CMS Energy Q3 Earnings Beat Estimates, Revenues Increase Y/Y

MS Energy Corporation reported third-quarter 2025 earnings per share (EPS) of 93 cents, which beat the Zacks Consensus Estimate of 86 cents by 8.1%. The bottom line also increased 10.7% from 84 cents in the prior-year quarter.

The company reported GAAP earnings of 92 cents per share, up from 84 cents recorded in the year-ago quarter.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 30, 2025
Sales Surprise	11.16%
EPS Surprise	8.14%
Quarterly EPS	0.93
Annual EPS (TTM)	3.53

CMS' Revenues

Operating revenues totaled \$2.02 billion, which beat the Zacks Consensus Estimate of \$1.82 billion by 11.2%. The top line also increased 16.1% from \$1.74 billion in the prior-year quarter.

Operational Performance of CMS

CMS' operating expenses amounted to \$1.54 billion, up 11.9% from the year-ago quarter's figure.

Operating income was \$481 million, higher than the year-ago quarter's figure of \$367 million.

Interest charges totaled \$203 million, up 14% from that recorded a year ago.

Financial Condition of CMS

CMS Energy had cash and cash equivalents of \$362 million as of Sept. 30, 2025, compared with \$103 million as of Dec. 31, 2024.

As of Sept. 30, 2025, total debt and financial leases (excluding securitization debt) were \$17.47 billion compared with \$15.87 billion as of Dec. 31, 2024.

The net cash flow from operating activities was \$1.76 billion during the first nine months of 2025 compared with \$1.97 billion in the prior-year period.

CMS' 2025 Guidance

The company raised its 2025 adjusted earnings guidance to \$3.56-\$3.60 per share from \$3.54-\$3.60. The Zacks Consensus Estimate for 2025 earnings is currently pegged at \$3.59, which is just higher than the midpoint of the company's newly guided range.

The company also initiated 2026 adjusted earnings guidance of \$3.80-\$3.87 per share. The Zacks Consensus Estimate for 2026 EPS is currently pegged at \$3.86, which is close to the higher-end of the company's guided range.

CMS also reaffirmed its long-term adjusted EPS growth in the band of 6-8%.

Valuation

CMS Energy's shares are up 10.9% in the year-to-date period and 7.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Utilities sector are up 34.5% and 26.7%, in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 27.6%, whereas the sector is up 19.6%.

The S&P 500 index is up 16.1% in the year-to-date period and 16.4% in the past year.

The stock is currently trading at 19.36X forward 12-months earnings, which compares with 17.14X for the Zacks sub-industry, 17.72X for the Zacks sector and 23.27X for the S&P 500 index.

Over the past five years, the stock has traded as high as 25.01X and as low as 15.39X, with a 5-year median of 19.56X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$78 price target reflects 20.42X forward 12-months earnings.

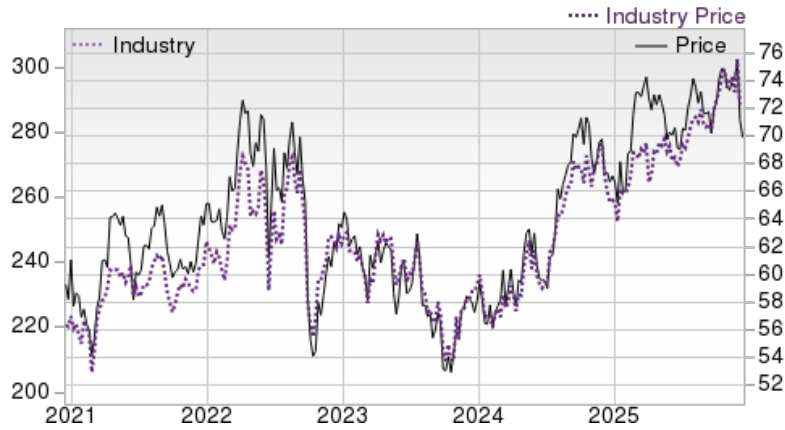
The table below shows summary valuation data for CMS.

Valuation Multiples -CMS					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.36	17.14	17.72	23.27
	5-Year High	25.01	17.14	17.84	23.81
	5-Year Low	15.39	12.05	13.13	15.73
	5-Year Median	19.56	14.54	15.86	21.2
P/S F12M	Current	2.6	3.52	3.26	5.31
	5-Year High	2.78	3.52	3.28	5.52
	5-Year Low	1.67	2.45	2.23	3.84
	5-Year Median	2.45	2.96	2.72	5.06
P/B TTM	Current	2.44	2.44	2.8	8.24
	5-Year High	3.1	2.83	3.27	9.19
	5-Year Low	1.96	2.01	2.34	6.62
	5-Year Median	2.47	2.44	2.84	8.04

As of 11/14/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 34% (81 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Brookfield Infrastru...(BIP)	Neutral	4
CenterPoint Energy, ...(CNP)	Neutral	3
DTE Energy Company (DTE)	Neutral	3
Duke Energy Corporat...(DUK)	Neutral	3
FirstEnergy Corporat...(FE)	Neutral	3
Fortis (FTS)	Neutral	3
PPL Corporation (PPL)	Neutral	3
WEC Energy Group, In...(WEC)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Utility - Electric Power

	CMS	X Industry	S&P 500	DTE	DUK	PPL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	D	D	C
Market Cap	21.28 B	18.51 B	39.20 B	26.72 B	89.89 B	25.14 B
# of Analysts	7	3	22	8	9	5
Dividend Yield	3.10%	2.87%	1.4%	3.62%	3.69%	3.21%
Value Score	C	-	-	C	C	C
Cash/Price	0.02	0.02	0.04	0.00	0.01	0.04
EV/EBITDA	12.38	11.15	14.73	12.46	11.36	12.82
PEG Ratio	2.60	2.70	2.24	2.52	2.66	2.55
Price/Book (P/B)	2.31	1.66	3.35	2.20	1.74	1.74
Price/Cash Flow (P/CF)	9.41	8.74	15.24	8.33	8.13	9.70
P/E (F1)	19.47	18.74	19.90	17.80	18.29	18.73
Price/Sales (P/S)	2.56	2.43	3.09	1.80	2.84	2.80
Earnings Yield	5.14%	5.28%	5.01%	5.62%	5.47%	5.33%
Debt/Equity	1.84	1.27	0.57	2.01	1.54	1.18
Cash Flow (\$/share)	7.52	5.83	8.99	15.47	14.36	3.53
Growth Score	D	-	-	D	C	C
Hist. EPS Growth (3-5 yrs)	5.22%	4.47%	8.16%	-1.33%	4.47%	1.82%
Proj. EPS Growth (F1/F0)	7.49%	6.91%	8.57%	5.86%	7.12%	7.10%
Curr. Cash Flow Growth	7.25%	6.35%	6.75%	12.43%	6.96%	3.54%
Hist. Cash Flow Growth (3-5 yrs)	5.78%	5.67%	7.43%	5.17%	4.44%	-1.51%
Current Ratio	0.90	0.91	1.18	1.15	0.63	0.77
Debt/Capital	64.20%	55.39%	38.01%	66.82%	60.11%	54.02%
Net Margin	12.62%	11.20%	12.78%	9.34%	15.76%	12.16%
Return on Equity	12.10%	9.56%	17.00%	12.63%	9.98%	9.08%
Sales/Assets	0.22	0.22	0.53	0.30	0.17	0.21
Proj. Sales Growth (F1/F0)	11.50%	4.85%	5.77%	13.50%	4.90%	2.60%
Momentum Score	B	-	-	C	F	D
Daily Price Chg	1.32%	0.79%	-0.16%	-0.76%	1.24%	0.79%
1 Week Price Chg	-1.76%	-0.28%	-0.44%	-1.09%	-1.05%	0.38%
4 Week Price Chg	-4.97%	-1.06%	2.16%	-6.39%	-6.75%	-6.90%
12 Week Price Chg	0.45%	2.87%	1.83%	-5.38%	-3.99%	-4.01%
52 Week Price Chg	6.09%	11.81%	12.22%	6.15%	8.65%	6.00%
20 Day Average Volume	1,968,181	1,083,257	2,744,252	1,401,858	3,232,561	7,719,691
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.02%	-0.02%	0.00%
(F1) EPS Est 4 week change	0.04%	0.00%	0.00%	0.00%	-0.12%	0.11%
(F1) EPS Est 12 week change	0.02%	0.26%	0.69%	0.10%	-0.01%	-0.06%
(Q1) EPS Est Mthly Chg	-3.27%	0.00%	0.00%	-1.48%	-0.51%	-2.33%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	D
Momentum Score	C
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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