

## NRG Energy, Inc. (NRG)

**\$166.16** (Stock Price as of 01/02/2026)

Price Target (6-12 Months): **\$169.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**  
(Since: 11/13/25)  
Prior Recommendation: Outperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**  
Zacks Style Scores: VGM: A  
Value: B | Growth: B | Momentum: C

### Summary

NRG Energy continues to expand its operations through organic and inorganic initiatives. NRG Energy's diverse customer base and ability to retain customers enhance its financial performance. It aims to achieve net-zero emissions by 2050. NRG's capital allocation plan should strengthen the balance sheet and increase its shareholder value through share repurchases and dividend payments. NRG Energy's shares have outperformed the industry in the past year. Yet, NRG Energy's operations are subject to strict regulations at both the federal and state levels. NRG Energy's international operations expose it to currency fluctuations and political and economic risks that may affect financial results. Also, NRG Energy's performance could be adversely impacted by disruptions in fuel delivery.

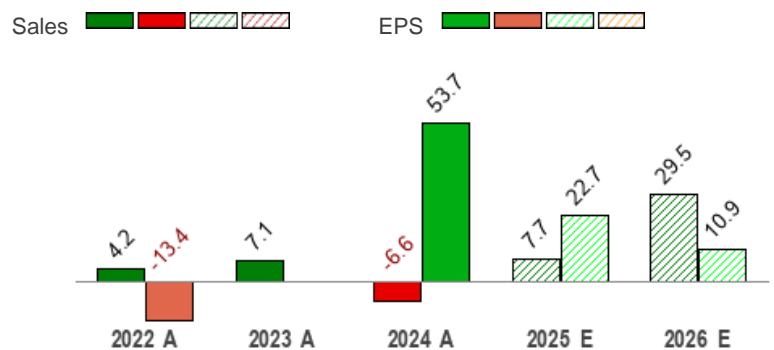
### Price, Consensus & Surprise<sup>(1)</sup>



### Data Overview

52 Week High-Low	\$180.54 - \$79.57
20 Day Average Volume (sh)	1,558,345
Market Cap	\$31.8 B
YTD Price Change	4.4%
Beta	1.25
Dividend / Div Yld	\$1.76 / 1.1%
Industry	<a href="#">Utility - Electric Power</a>
Zacks Industry Rank	Top 32% (78 out of 243)

### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



Last EPS Surprise	21.7%
Last Sales Surprise	6.7%
EPS F1 Est- 4 week change	0.2%
Expected Report Date	02/25/2026
Earnings ESP	-4.4%

### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					39,240 E
2025	8,585 A	6,740 A	7,635 A		30,301 E
2024	7,429 A	6,659 A	7,223 A	6,819 A	28,130 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					9.04 E
2025	2.62 A	1.68 A	2.75 A		8.15 E
2024	0.80 A	1.48 A	1.85 A	1.52 A	6.64 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/02/2026.

(2) The report's text and the price target are as of 12/26/2025.

## Overview

NRG Energy Inc. was founded in 1989 and the company is engaged in the production, sale and delivery of energy and energy products and services to residential, industrial as well as commercial consumers in major competitive power markets in the United States. The company has financial and commercial headquarters in Princeton, NJ and operational headquarters in Houston, TX.

The NRG Yield Inc. and the Renewables Platform businesses, which represented 3,428 MW of global generation, were sold on August 31, 2018 to Global Infrastructure Partners (GIP).

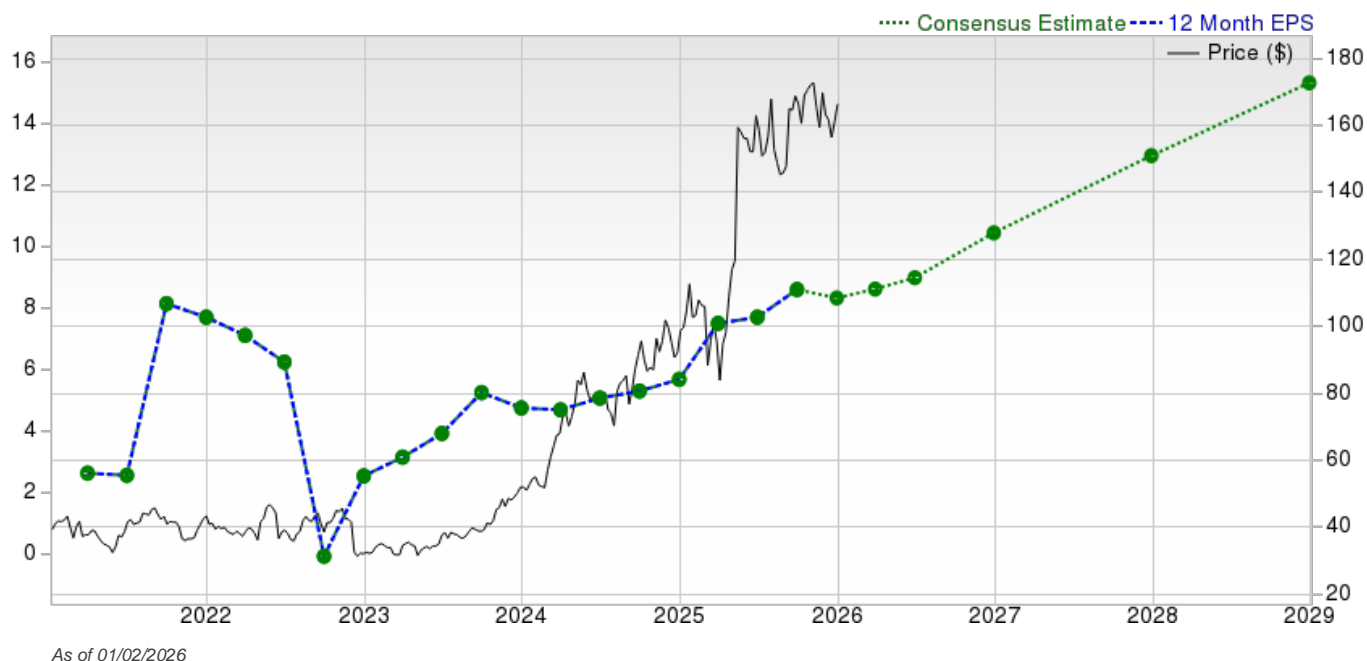
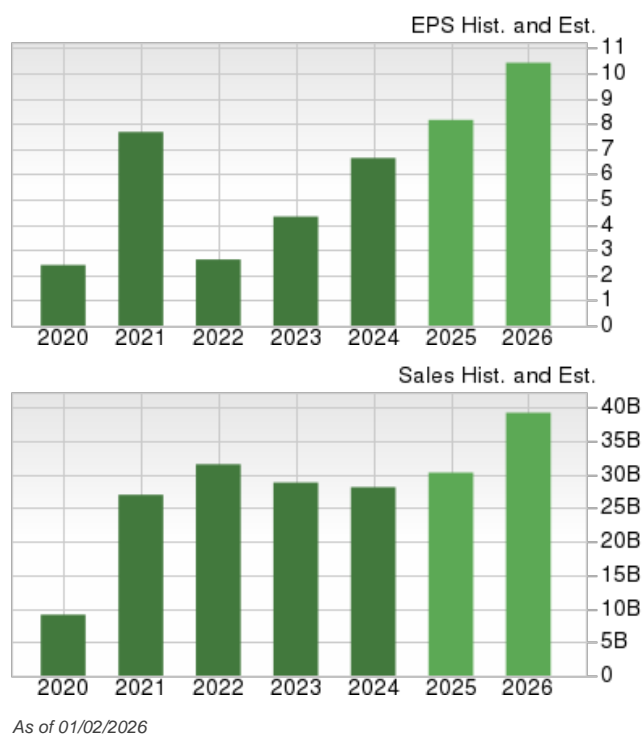
As of Dec. 31, 2024, the company's total generation capacity was 13,081 megawatts (MW). It utilized natural gas (43.5%), coal (51.4%), oil (3.5%), Utility Scale Solar (1.6%) and Battery Storage, which marginally contributed to power generation.

Texas: This segment includes all activity related to customer, plant and market operations in Texas. In 2024, this segment's operating revenues amounted to \$10.6 billion.

East: This segment includes the remaining activity related to customer operations and activities related to plant and market operations in the East. In 2024, its operating revenues amounted to \$11.7 billion.

West/Other: This segment includes assets and activities related to plant and market operations in the West and Canada, services businesses, the activity related to the Cottonwood facility, the remaining renewables activity, including the company's equity method investments in Ivanpah Master Holdings, LLC and Agua Caliente, the remaining Home Solar assets and the remaining NFL stadium solar generating assets, activity related to the company's equity method investment for the Gladstone power plant in Australia and corporate activities. In 2024, this segment's operating revenues amounted to \$3.9 billion.

The company acquired Vivint Smart Home in March 2023 to expand its operations. It contributed \$1.9 billion to total revenues in 2024, while Corporate/Elimination lowered revenues by \$48 million.



## Reasons To Buy:

▲ In recent years, NRG Energy has made notable strides in its transformation into an integrated power company by prioritizing customer-centric strategies. Its strong performance has been driven in part by organic growth initiatives. As of Dec. 31, 2024, NRG served a diverse customer base, with no single customer accounting for more than 10% of its total revenues. Thanks to its high-quality services, the company has maintained strong customer retention, reducing reliance on any one client. This diversification enhances the stability and predictability of both customer billing and the company's earnings. NRG plans to deploy annual capex of \$1.3 billion through 2029 in generation optimization, virtual power plant technology and grid reliability solutions. The company reaffirmed its 2025 guidance, now expecting adjusted net income of \$1.47-\$1.59 billion, adjusted EPS of \$7.55-\$8.15, adjusted EBITDA of \$3.875-\$4.025 billion and free cash flow before growth of \$2.10-\$2.25 billion, driven by strong performance across all segments and favorable first-quarter weather. In the past year, shares of NRG have risen 75.2% compared with the industry's 24.1% growth.

The company's acquisitions, services to a wide variety of customers, focus on emission cuts and its dividend policy will boost its long-term growth objectives.

NRG Energy is also expanding its operations through strategic acquisitions. The acquisition of Direct Energy and Vivint Smart Home has expanded the company's operations. Contributions from the acquired assets are boosting the performance of NRG Energy. Nearly 40% of customers purchased additional smart home services, which is double the previously stated target of 20%. In May 2025, NRG announced plans to acquire a premier power portfolio from LS Power. This acquisition doubles NRG's generation capacity with the addition of 18 natural gas-fired facilities totaling nearly 13 gigawatts (GW). It transforms NRG's generation fleet and broadens its customized product offerings. This deal is expected to close in the first quarter of 2026.

▲ The company is focusing on clean generation to lower emissions. The company targets to achieve a 50% emission cut by 2025 and net-zero emissions by 2050 from the 2014 baseline. The company has a total owned generation capacity of nearly 13 GW, with 65% in Texas. Its 1.5 GW Texas Brownfield opportunities (gas peaking & CCGT) are under development. NRG has entered into renewable power purchase agreements totaling approximately 1.9 GW with third-party project developers and other counterparties, all of which were operational as of Dec. 31, 2024. A diversified supply strategy positions NRG Energy to take advantage of the medium to long-term margin expansion resulting from higher power prices while providing near-term stability.

The company is starting to unlock data center and other upside opportunities. NRG has fully dedicated engineering, construction, and offtake structuring teams to execute its tailored data center strategy. NRG entered into 445 MW of premium, long-term retail agreements to power data centers. The company is exploring new opportunities across multiple sites. NRG Energy expanded its gas turbine order with GE Vernova to 2.4 GW to meet growing data center demand. The company also signed Letters of Intent with Menlo Equities and PowLan to provide an initial 400 MW of retail supply, with potential to scale up to 6.5 GW starting in 2026.

▲ NRG Energy has been trying to slowly lower the proportion of debt in the capital mix for a while. The company is targeting \$3.7 billion debt reduction over 24-36 months from closing to maintain investment-grade credit metrics. The times interest earned ratio at the end of the third quarter of 2025 was 3.9. A times interest earned ratio of more than 1 indicates that the company is in a favorable financial position to meet interest obligations in the near future without difficulties.

The company remains committed to its capital allocation policy targeting, after debt reduction, approximately 80% of cash available for allocation to return of capital, and approximately 20% to investments in strategic growth that meet or exceed stated hurdle rates. NRG Energy had liquidity worth \$5.73 billion as of Sept. 30, 2025.

▲ The board of directors of NRG authorized an 8% increase in the annual dividend, raising it to \$1.90 per share, which aligns with NRG's long-term growth target of 7-9%. Its current dividend yield is 1.18% compared with the Zacks S&P 500 composite's average of 1.39%.

NRG's board of directors approved a new \$3 billion share repurchase program on Oct. 16, 2025, to be carried out through 2028. The company plans to repurchase \$1 billion worth of shares in 2026. The board also authorized an 8% increase in the annual dividend, raising it to \$1.90 per share, which aligns with NRG's long-term growth target of 7-9%.

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## Reasons To Sell:

▼ The financial performance of NRG's retail operations could suffer from volatile electricity, and gas supply costs and demand. The gas sold by NRG in retail and wholesale markets is purchased from third parties. Consequently, the company's financial performance is dependent on its ability to obtain adequate power and gas supplies from third parties at prices below the prices charged by NRG from its customers. If wholesale gas or power prices increase faster than the rates charged by the company from its consumers, the company's earnings and cash flows are likely to suffer.

▼ NRG Energy's international operations are exposed to political and economic risks, commercial instability and events beyond the company's control that may negatively impact its business. NRG is exposed to fluctuations in foreign currency due to its operation in Canada.

NRG Energy is subject to extensive regulations at both the federal and state levels. This could impact the company's operations and its ability to recover costs from customers on a timely basis and hence the rate of return.

▼ As part of NRG Energy's growth strategy, it is important for the company to cross-sell energy sales and services to smart home service subscribers and smart home services to residential retail customers. However, as NRG Energy continues to seek cross-selling opportunities among these customers, there is no guarantee that its efforts will be successful.

In addition, in order to succeed in these cross-selling channels, the company needs to maintain its current customers. Customers are not obligated to renew their subscriptions or contracts after the expiry of their initial commitments. If consumers do not continue to use the products and services offered by NRG Energy, the company's growth strategy may fail and its expected operating results may be negatively impacted.

▼ NRG Energy's costs, results of operations, financial condition and cash flows could be adversely impacted by the disruption of its fuel supplies as it relies on natural gas, coal and oil to fuel the majority of its power generation facilities. These facilities are subject to the risks of disruptions or curtailments in power production if no fuel is available on time due to counterparty failure to perform or if there is a disruption in the fuel delivery system.

Intense competition in the wholesale power market, foreign currency fluctuation, retention of customers and disruptions in the fuel delivery system might impede the company's growth.

## Last Earnings Report

### NRG Energy Q3 Earnings & Revenues Beat Estimates, '25 EPS View Raised

NRG Energy, Inc. reported third-quarter 2025 earnings of \$2.75 per share, which topped the Zacks Consensus Estimate of \$2.26 by 21.7%. The bottom line also increased 48.7% from the year-ago quarter.

#### Revenues of NRG Energy

Total revenues were \$7.64 billion, which beat the Zacks Consensus Estimate of \$7.16 billion by 6.7%. The top line also increased 5.7% from the prior-year quarter's level of \$7.22 billion.

#### Highlights of NRG's Q3 Earnings Release

The company recorded adjusted EBITDA of \$1.21 billion in the third quarter, up 14.2% from \$1.06 billion registered a year ago.

Total operating costs and expenses were \$7.22 billion, down 12.4% from \$8.24 billion in the year-ago quarter.

Through Oct. 31, 2025, NRG completed \$1.1 billion in share repurchases and distributed \$258 million in common stock dividends. In 2025, the company plans to return approximately \$1.3 billion through share repurchases and common stock dividends of around \$345 million.

#### NRG's Financial Highlights

As of Sept. 30, 2025, NRG had cash and cash equivalents worth \$732 million compared with \$966 million as of Dec. 31, 2024.

As of Sept. 30, 2025, long-term debt and finance leases amounted to \$11.16 billion, compared with \$9.81 billion as of Dec. 31, 2024.

Cash provided by operating activities in the first nine months of 2025 totaled \$1.79 billion compared with \$1.35 billion in the year-ago quarter.

Capital expenditures amounted to \$849 million in the first nine months of 2025 compared with \$286 million in the year-ago quarter.

#### NRG's Guidance

NRG Energy raised its 2025 adjusted net income to the range of \$1.47-\$1.59 billion compared with the previous range of \$1.33-\$1.53 billion.

The company now expects its adjusted EPS to be in the range of \$7.55-\$8.15, from the previous range of \$6.75-\$7.75. The Zacks Consensus Estimate is pegged at \$8.15, which is at the higher end of the company's guided range.

Free Cash Flow before Growth (FCFbG) is now estimated to be in the range of \$2.100-\$2.250 billion compared with the previous range of \$1.975-\$2.225 billion.

NRG now anticipates adjusted EBITDA in the range of \$3.875-\$4.025 billion from the previous range of \$3.725-\$3.975 billion.

The company anticipates 2026 adjusted EBITDA and FCFbG to be in the range of \$3.925-\$4.175 billion and \$1.975-\$2.225 billion, respectively.

**FY Quarter Ending** **12/31/2025**

Earnings Reporting Date	Nov 06, 2025
Sales Surprise	6.66%
EPS Surprise	21.68%
Quarterly EPS	2.75
Annual EPS (TTM)	8.57

## Recent News

On **Dec 16, 2025**, NRG Energy announced partnership with Sunrun to accelerate the adoption of distributed energy resources in Texas, including home battery storage, to provide dispatchable capacity that meets the state's rapidly growing energy demand.

## Valuation

NRG Energy Inc., shares are down 0.8% in the past six-months period, and up 75.2% over the trailing 12-month period. Stocks in the Zacks sub-industry is up 10.3% and the Zacks Utilities sector is up 8.6% in the past six-months period. Over the past year, the Zacks sub-industry is up 24.1% and the Zacks sector is up by 20.9%.

The S&P 500 index is up 15.6% in the past six months period and up 19.7% in the past year.

The stock is currently trading at 15.47X forward 12-months earnings, which compares with 15.37X for the Zacks sub-industry, 15.72X for the Zacks sector and 23.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.62X and as low as 2.87X, with a 5-year median of 8.56X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$169 price target reflects 16.28X forward 12-months earnings.

The table below shows summary valuation data for NRG.

Valuation Multiples - NRG					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.47	15.37	15.72	23.44
	5-Year High	20.62	16.13	17.87	23.78
	5-Year Low	2.87	11.99	13.14	15.73
	5-Year Median	8.56	14.67	15.86	21.22
P/S F12M	Current	0.79	3.3	3.05	5.31
	5-Year High	2.25	3.43	3.24	5.5
	5-Year Low	0.23	2.42	2.28	3.82
	5-Year Median	0.64	2.94	2.72	5.04
P/B TTM	Current	23.53	2.48	3.02	8.6
	5-Year High	26.16	2.85	3.27	9.15
	5-Year Low	1.42	2.03	2.37	6.59
	5-Year Median	4.39	2.44	2.87	8.04

As of 12/24/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 32% (78 out of 243)



## Top Peers <sup>(1)</sup>

Company (Ticker)	Rec	Rank
Duke Energy Corporat...(DUK)	Neutral	4
Consolidated Edison ...(ED)	Neutral	3
Exelon Corporation (EXC)	Neutral	3
National Grid Transc...(NGG)	Neutral	3
Pacific Gas & Electr...(PCG)	Neutral	3
RWE AG (RWEQY)	Neutral	4
Southern Company (Th...(SO)	Neutral	3
WEC Energy Group, In...(WEC)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Utility - Electric Power

	NRG	X Industry	S&P 500	DUK	NGG	RWEQY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	3	4
VGM Score	A	-	-	C	D	D
Market Cap	31.84 B	20.12 B	39.23 B	91.33 B	78.09 B	0.00 M
# of Analysts	2	3	22	9	3	1
Dividend Yield	1.06%	2.92%	1.41%	3.63%	2.68%	1.59%
Value Score	B	-	-	C	C	C
Cash/Price	0.03	0.02	0.04	0.01	0.07	NA
EV/EBITDA	11.25	11.36	14.72	11.40	NA	NA
PEG Ratio	NA	2.50	2.04	2.55	1.71	NA
Price/Book (P/B)	24.35	1.64	3.35	1.77	1.56	1.01
Price/Cash Flow (P/CF)	10.66	8.78	15.43	8.18	11.80	NA
P/E (F1)	15.96	17.05	18.48	17.52	15.05	18.33
Price/Sales (P/S)	1.07	2.58	3.11	2.88	NA	NA
Earnings Yield	6.27%	5.86%	5.40%	5.71%	6.65%	5.45%
Debt/Equity	8.45	1.28	0.57	1.54	1.14	0.42
Cash Flow (\$/share)	15.59	6.05	8.98	14.36	6.67	13.38
Growth Score	B	-	-	C	D	D
Hist. EPS Growth (3-5 yrs)	15.67%	4.47%	8.24%	4.47%	NA	-6.03%
Proj. EPS Growth (F1/F0)	NA%	6.90%	9.18%	7.12%	46.50%	-25.74%
Curr. Cash Flow Growth	17.05%	6.35%	7.00%	6.96%	5.09%	-33.99%
Hist. Cash Flow Growth (3-5 yrs)	13.99%	5.73%	7.49%	4.44%	7.53%	20.55%
Current Ratio	1.05	0.90	1.19	0.63	0.97	1.30
Debt/Capital	84.99%	55.76%	38.14%	60.11%	53.19%	29.34%
Net Margin	4.84%	11.49%	12.77%	15.76%	NA	10.82%
Return on Equity	103.57%	9.79%	17.03%	9.98%	NA	5.42%
Sales/Assets	1.23	0.22	0.53	0.17	NA	0.22
Proj. Sales Growth (F1/F0)	7.10%	5.23%	5.29%	4.90%	-13.50%	NA
Momentum Score	C	-	-	D	C	C
Daily Price Chg	4.35%	0.86%	0.19%	0.20%	1.75%	3.18%
1 Week Price Chg	3.28%	0.65%	-1.03%	0.22%	1.37%	3.41%
4 Week Price Chg	1.94%	0.75%	-0.17%	0.79%	4.36%	9.53%
12 Week Price Chg	3.57%	2.59%	4.67%	-7.54%	5.61%	17.61%
52 Week Price Chg	68.69%	14.47%	15.41%	8.96%	33.05%	76.41%
20 Day Average Volume	1,558,345	907,984	2,401,726	2,897,626	436,780	29,748
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.19%	0.00%	0.00%	-0.15%	1.55%	-5.06%
(F1) EPS Est 12 week change	11.96%	0.13%	0.44%	-0.04%	-0.19%	6.57%
(Q1) EPS Est Mthly Chg	6.79%	0.00%	0.00%	-0.27%	NA	NA



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## 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.

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### 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	<b>B</b>
Growth Score	<b>B</b>
Momentum Score	<b>C</b>
VGM Score	<b>A</b>

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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