



Eversource Energy (ES)

Updated February 18th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	\$60	5 Year CAGR Estimate:	19.3%	Market Cap:	\$22.1 B
Fair Value Price:	\$95	5 Year Growth Estimate:	6.0%	Ex-Dividend Date¹:	03/04/25
Fair Value:	63%	5 Year Valuation Multiple Estimate:	9.6%	Dividend Payment Date¹:	03/31/25
Dividend Yield:	5.0%	5 Year Price Target	\$127	Years Of Dividend Growth:	27
Dividend Risk Score:	B	Retirement Suitability Score:	A	Rating:	Buy

Overview & Current Events

Eversource Energy is a diversified holding company with subsidiaries that provide regulated electric, gas, and water distribution service in the Northeast U.S. The company's utilities serve more than 4 million customers after acquiring NStar's Massachusetts utilities in 2012, Aquarion in 2017, and Columbia Gas in 2020. The company was formerly known as Northeast Utilities and changed its name to Eversource Energy in April 2015. Eversource Energy is a \$22.1 billion company and has about 10,000 employees.

On February 11th, 2025, Eversource Energy released its fourth-quarter and full-year 2024 results for the period ending December 31st, 2024. For the quarter, the company reported net earnings of \$72.5 million, a significant improvement from a net loss of \$(1,288.5) million in the same quarter of last year, which reflected the impact of the company's exit from offshore wind investments. The company reported earnings per share of \$0.20, compared with a loss per share of \$(3.68) in the prior year. For the full year 2024, Eversource reported GAAP earnings of \$811.7 million, or \$2.27 per share, compared with a full-year 2023 loss of \$(442.2) million, or \$(1.26) per share. On a non-GAAP recurring basis, the company earned \$1,634.0 million, or \$4.57 per share, representing a 5.3% increase from \$4.34 per share in 2023.

Earnings from the Electric Transmission segment increased to \$184.0 million, up from \$167.0 million in the prior year, primarily due to a higher level of investment in Eversource's electric transmission system, which is necessary to address system capacity growth and deliver clean energy resources for the region. Earnings from the Electric Distribution segment totaled \$110.4 million, up from \$103.7 million in the prior-year quarter, driven by base distribution rate increases and continued investments in infrastructure, along with higher non-tracked O&M and interest expenses. Earnings from the Natural Gas Distribution segment improved to \$103.4 million, up from \$76.5 million in the prior year, driven primarily by higher revenues associated with natural gas infrastructure investments. Eversource Energy continues to progress towards its updated investment goal of \$24.2 billion in various projects, including transmission and electric distribution, during the 2025 to 2029 timeframe, a 10% increase from the previous \$22.1 billion plan. Earlier in the year, Eversource and Ørsted's South Fork Wind farm became the first operational commercial-scale offshore wind facility in the U.S., but Eversource has since exited its offshore wind investment, refocusing as a pure-play regulated utility. The company's earnings-per-share growth remains ambitious at 5% to 7% annually through 2029, consistent with its dividend growth expectations. The company has updated its 2025 earnings guidance to a range of \$4.67 to \$4.82 per share, with a midpoint of \$4.75 per share, reflecting the impact of higher transmission investment and capital recovery mechanisms, partially offset by higher interest expenses and share dilution.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.76	\$2.96	\$3.11	\$3.25	\$3.45	\$3.64	\$3.86	\$4.09	\$4.34	\$4.57	\$4.75	\$6.36
DPS	\$1.67	\$1.78	\$1.90	\$2.02	\$2.14	\$2.27	\$2.41	\$2.55	\$2.70	\$2.86	\$3.01	\$4.03
Shares²	317	317	317	317	330	342	344	344	344	350	367	369

¹ Estimated date.

² In millions.

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Eversource’s long-term earnings growth track record is solid, growing EPS nearly every year since 2012. Over the last 10 years, the average EPS growth rate is almost 6%.

We expect the company to grow its earnings-per-share by 6% per year on average over the next five years. The company has a good earnings track record and will benefit from rate hikes, transmission investments, and clean energy initiatives. This should compensate for the effects of higher operating and maintenance costs, and slightly higher average shares outstanding. There is also some lingering uncertainty about transmission rates.

The company has a long history of paying dividends and has increased its payout for 27 consecutive years. In January 2025, the quarterly dividend increased by 5.2% from \$0.7150 to \$0.7525 per share. Over the last five years, the average annual dividend growth rate is 6.0%. Eversource’s target for yearly dividend growth is 5% to 7%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.1	18.7	19.5	18.7	22.1	23.7	22.2	20.9	14.0	18.5	12.7	20.0
Avg. Yld.	1.9%	3.2%	3.1%	3.3%	2.8%	2.6%	2.8%	3.0%	3.0%	4.7%	5.0%	3.2%

During the past decade shares of Eversource Energy have traded with an average price-to-earnings ratio of about 20 times earnings and today, it stands at 12.7. We are using 20 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company’s dividend yield is currently 5.0% and the dividend raises in past years have contributed to total returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	61%	60%	61%	62%	62%	62%	62%	62%	62%	63%	63%	63%

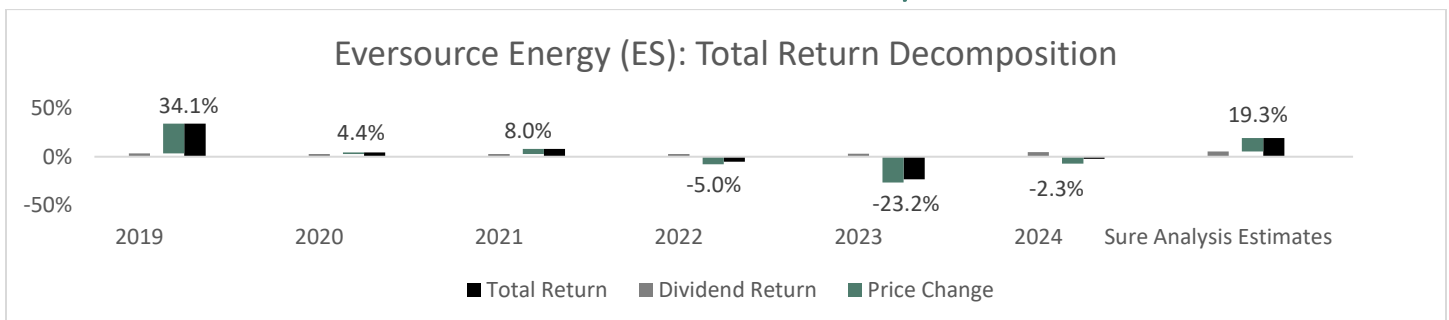
During the past five years, the company’s dividend payout ratio has averaged around 64%. The company has a projected 2025 payout ratio of 63%, which indicates a sustainable dividend. Given the expected earnings growth, there is still room for the dividend to continue to grow at the same pace and extend the track record of consecutive dividend increases which is an important factor for dividend growth investors.

In 2024, Eversource Energy completed a \$4.72 billion core business construction program to enhance reliability, resilience of its infrastructure, and customer service. This strategic focus will help Eversource Energy maintain a sustainable earnings growth rate while mitigating service-related risks and regulatory penalties. Furthermore, Eversource Energy invested \$4.46 billion in 2023 and has outlined a \$24.2 billion investment plan for 2025-2029, reflecting a 10% increase over its previous five-year plan.

Final Thoughts & Recommendation

Eversource Energy is a steady company in terms of its earnings growth track record, its earnings growth outlook, dividend growth, and its infrastructure investments related to the net-zero carbon emission target by 2030. The company’s dividend yield is generous, and the 27 years of consecutive dividend increases is noteworthy. We estimate a total return of 19.3% based on a 6.0% EPS growth, a 5.0% yield, and a valuation tailwind. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	7,742	7,955	7,639	7,752	8,448	8,526	8,904	9,863	12,290	11,911
Gross Profit	3,293	3,539	3,796	3,910	3,974	4,123	4,436	4,751	5,410	4,847
Gross Margin	42.5%	44.5%	49.7%	50.4%	47.0%	48.4%	49.8%	48.2%	44.0%	40.7%
D&A Exp.	615	240	787	864	1,072	1,081	1,159	1,335	1,643	816
Operating Profit	1,633	1,764	1,841	1,888	1,700	1,830	1,989	1,993	2,198	2,532
Operating Margin	21.1%	22.2%	24.1%	24.4%	20.1%	21.5%	22.3%	20.2%	17.9%	21.3%
Net Profit	820	878	942	988	1,033	909	1,205	1,221	1,405	(\$442)
Net Margin	10.6%	11.0%	12.3%	12.7%	12.2%	10.7%	13.5%	12.4%	11.4%	(3.7%)
Free Cash Flow	48	96	231	(352)	(739)	(902)	(1,260)	(1,212)	(1,041)	(2,691)
Income Tax	468	540	555	579	289	273	346	344	454	160

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	29,740	30,580	32,053	36,220	38,241	41,124	46,100	48,492	53,230	55,612
Cash & Equivalents	39	24	30	38	108	15	107	67	375	54
Accounts Receivable	856	775	847	925	994	989	1,196	1,226	1,517	1,432
Inventories	350	336	329	223	238	236	266	268	374	507
Goodwill & Int. Ass.	3,519	3,519	3,519	4,427	4,427	4,427	4,446	4,477	4,523	4,532
Total Liabilities	19,764	20,228	21,341	25,134	26,754	28,494	31,880	33,737	37,600	41,283
Accounts Payable	868	814	885	1,085	1,120	1,148	1,371	1,672	2,114	1,869
Long-Term Debt	9,771	10,195	10,752	13,414	14,632	15,571	17,969	20,219	22,940	26,754
Shareholder's Equity	9,977	10,352	10,712	11,086	11,487	12,630	14,064	14,600	15,470	14,174
LTD/E Ratio	0.98	0.98	1.00	1.21	1.27	1.23	1.28	1.38	1.48	1.89

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	2.8%	2.9%	3.0%	2.9%	2.8%	2.3%	2.8%	2.6%	2.8%	-0.8%
Return on Equity	8.4%	8.6%	8.9%	9.1%	9.2%	7.5%	9.0%	8.5%	9.3%	-3.0%
ROIC	4.2%	4.4%	4.5%	4.3%	4.1%	3.3%	4.0%	3.6%	3.8%	-1.1%
Shares Out.	317	317	317	317	317	330	342	344	347	350
Revenue/Share	24.39	24.98	23.99	24.37	26.57	26.40	26.20	28.62	35.39	34.05
FCF/Share	0.15	0.30	0.73	(1.11)	(2.33)	(2.79)	(3.71)	(3.52)	(3.00)	(7.69)

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

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