DBS

Constellation Energy

Growth priced in

1 December 2025

Company Overview

Constellation Energy Corp (CEG) is the largest nuclear plant owner in the US. CEG has 32GW in generation capacity, which includes 22GW in nuclear capacity (>85% of CEG's generation) and 11GW in capacity across natural gas, oil, hydro, solar and wind. Key customers include Fortune 500 companies, with its service areas near major data centre (DC) and manufacturing hubs, such as (i) Midcontinent Independent System Operator (MISO), (ii) Electric Reliability Council of Texas (ERCOT), (iii) Pennsylvania-New Jersey-Maryland (PJM) and (iv) the mid-Atlantic region. CEG is active in M&A e.g., 44% stake acquisition in 2.6GW South Texas nuclear project in Oct 2023.

Investment Overview

Beneficiary to burgeoning DC electricity demand. Nuclear is a reliable source of clean energy with robust capacity factor of >90% (versus solar/wind at 20-30%), suitable for power-intensive industries such as data centers. CEG is strategically located near major DC and manufacturing hubs such as PJM and is a key beneficiary to rising DC/commercial power demand, testament by its recent win with Microsoft in Oct 2023. We anticipate continued positive momentum in DC power demand, with PJM utilities citing >50GW of data center load growth and investments upward of USD10bn.

3Q25 earnings a miss. Adjusted EPS of USD3.04 (+11% y/y) came in slightly below expectations (consensus USD3.19; -5% miss), as higher purchased power and fuel costs outweighed stronger operating performance. Revenue beat estimates by +8% at USD6.57bn (broadly flat y/y), supported by the nuclear fleet's 96.8% capacity factor and lower outage days.

Lowered top-end guidance. Full-year 2025 adjusted EPS guidance was narrowed to USD9.05-9.45 (previously USD8.90-9.60), with the top end revised down to USD9.45 due to O&M inflation. Capital allocation priorities remain unchanged: maintaining strong investment-grade metrics, delivering at least 10% annual dividend growth, pursuing double-digit unlevered-return projects, and deploying the remaining USD600mn under the share-repurchase programme once leverage normalises post-Calpine.

We maintain our HOLD rating with raised TP of USD350, reflecting sector leadership and rising exposure to AI-linked demand, but highlight that valuation may already capture much of the Calpine/earnings upside.

Risks

Extreme weather conditions could impact power prices, while slowdown in data center/hyperscaler contracts could cap earnings growth. Separately, inflationary pressures relating to CEG's fuel expenses (>50% of CEG's total operating expenses) i.e., uranium fuel, could depress power margins/earnings.

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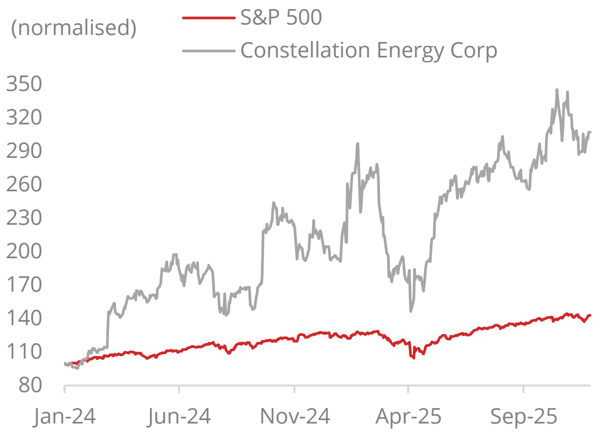
Key Financial Data

Bloomberg Ticker	CEG US
Sector	Utilities
Share Price (USD)	359.09
DBS Rating	HOLD
12-mth Target Price (USD)	350.0
Market Cap (USDb)	112.2
Volume (m shares)	1.4
Free float (%)	99.8
Dividend yield (%)	0.4
Net Debt to Equity (%)	39.0
Fwd. P/E (x)	38.7
P/Book (x)	7.8
ROE (%)	20.3

Closing Price as of 27 November 2025
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

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Financial Summary

FY Sep (USDmn)	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Sales	25,328	23,865	23,247	23,898	29,720
% y/y	*27.1*	*(5.7)*	*(1.1)*	*5.0*	*22.1*
Gross Profit	7,675	9,638	10,810	10,756	12,936
% y/y	*4.7*	*24.7*	*9.4*	*1.8*	*22.2*
EBITDA	2,667	3,753	4,734	4,989	7,510
% y/y	*(17.8)*	*64.6*	*20.5*	*9.4*	*41.1*
Net Profit	(160.0)	2,034	2,735	2,980	4,032
% y/y	*10.7*	*523.8*	*34.5*	*7.2*	*32.1*
FCF	(4,042)	(7,723)	(5,029)	1,724	3,130
% y/y	*(251.6)*	*(291.1)*	*(165.1)*	*(66.9)*	*34.2*
CAPEX	1,689	2,422	2,565	2,805	3,340
% y/y	*27.1*	*43.4*	*5.9*	*9.3*	*19.1*
EBITDA Margin (%)	9.1	15.5	18.8	20.2	23.6
Net Margin (%)	6.1	8.4	11.8	12.6	15.0
ROA (%)	(0.3)	4.2	5.3	5.4	6.4
ROE (%)	(1.4)	18.0	22.0	20.3	20.8
Tax Rate (%)	(29.4)	18.9	12.4	26.9	24.0

Source: Visible Alpha

Valuation Metrics

FY Sep	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
P/E (x)	nm	18.6	25.8	38.2	32.3
P/B (x)	2.6	3.5	5.4	7.2	5.9
Dividend Yield (%)	0.7	1.0	0.6	0.4	0.4
EV/EBITDA (x)	13.4	11.5	15.2	21.5	15.1
FCF Yield (%)	(14.3)	(20.4)	(7.1)	1.5	2.4

Source: Visible Alpha

Credit & Cashflow Metrics

FY Sep	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Debt / Equity (%)	50.7	82.1	62.1	60.7	82.9
Net Debt / Equity (x)	0.5	0.8	0.4	0.5	0.7
Debt / Assets (%)	12.3	18.2	15.9	17.2	26.8
Net Debt / Assets (x)	0.1	0.2	0.1	0.1	0.2
ST Debt / Total Debt (x)	0.2	0.2	0.1	0.1	0.1
Debt / EBITDA (x)	2.7	2.5	1.8	1.6	2.4
[Cash + CFO] / ST Debt (%)	(1.4)	(2.7)	0.6	5.1	7.1
Receivables Days	47.8	43.6	58.4	55.0	47.3
Days Payable	44.0	40.0	61.9	56.1	45.0
Inventory Days	21.4	23.3	25.1	24.6	22.9

Source: Visible Alpha

Target Price & Ratings History

#	Date of Report	Closing Price	12-m Target Price	Rating
1	17 Jan'25	316.36	300.00	HOLD
2	24 Mar'25	222.48	225.00	HOLD
3	13 May'25	285.28	265.00	HOLD
4	12 Aug'25	331.49	350.00	HOLD

Source: DBS
Analyst: Elizabelle Pang

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**Share price appreciation + dividends*

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