

FirstEnergy Corp. (FE)

FQ3 2026 Earnings Review
Period ended September 30, 2026
Reported October 27, 2026

Greater transmission visibility, not a higher sustainable EPS growth rate

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$4.557 billion	\$4.18 billion	+9.0%
Operating Income (core, vs. Year Ago)	\$976 million	\$891 million	+9.5%
Net Income (vs. Year Ago)	\$557 million	\$441 million	+26.3%
Diluted EPS (core)	\$0.98	\$0.90	+8.9%
SEGMENT CORE EPS VS. YEAR AGO			
Distribution	\$0.48	\$0.41	+17.1%
Integrated	\$0.35	\$0.31	+12.9%
Stand-alone Transmission	\$0.15	\$0.21	-28.6%
Corporate and Other	Approximately breakeven	-\$0.10	

2 GUIDANCE AND OUTLOOK	
Reaffirmed 2026 core EPS guidance of \$2.62 to \$2.82, with results expected at or slightly above the \$2.72 midpoint, against \$2.74 consensus. The implied fourth-quarter range is \$0.42 to \$0.62. Long-term core EPS growth remains near the upper end of 6% to 8% through 2030. The transmission investment plan is expected to rise at least 25% as it rolls to 2027-2031. A Maidsville regulatory order is expected in the fourth quarter of 2026, and the comprehensive capital and financial update follows in February 2027.	

3 EARNINGS ANALYSIS	
A BEAT WITH MIXED CONTRIBUTIONS. Core EPS of \$0.98 beat the \$0.90 Bloomberg consensus by 8.9% and rose 18.1% year over year; GAAP EPS was \$0.96, against \$0.76. Distribution core EPS rose to \$0.48 from \$0.41 and integrated to \$0.35 from \$0.31. Stand-alone transmission fell to \$0.15 from \$0.21, while corporate improved to approximately breakeven from a \$0.10 loss. The quarter supplied most of the year-to-date EPS improvement, restoring momentum without demonstrating sustained double-digit growth.	
TAX OFFSETS QUALIFY THE GROWTH. The \$0.10 corporate improvement came primarily from current-period tax benefits, while the \$0.07 stand-alone transmission headwind primarily reflected absent prior-year tax benefits. Core pretax income rose approximately 6.9%, against 18.8% growth in attributable core earnings, as lower taxes and reduced noncontrolling interests contributed. Weather added \$0.02 year over year. Year-to-date investigation and related costs rose to \$64 million from \$52 million, despite narrower net special-item adjustments.	
CASH RECOVERY LAGS THE EARNINGS. Net regulatory deferrals reached \$785 million year to date, against \$20 million in the prior period, so expense recognition and customer recovery are running on materially different schedules. The quarterly package contains no complete consolidated cash-flow statement, so the EPS beat cannot be equated with an improvement in free cash flow or credit metrics. Prompt recovery, appropriate carrying returns and full recoverability of the deferred balances remain the critical tests.	
TRANSMISSION IS THE CREDIBLE RUNWAY. Capital investment reached \$4.9 billion through September, up 23%, supporting rate-base growth of 9.9%, including 14% in transmission. The expected increase of at least 25% in the \$19 billion transmission plan is directed mostly at existing-system reliability and resilience, a more durable rationale than dedicated data center connections. The comparison spans different rolling periods. Incremental investment could require up to approximately 35% equity or equity-like support, so financing terms will set how much of the expansion reaches per-share earnings.	

4 KEY READ-THROUGHS	
GRID RELIABILITY SPENDING IS MORE DURABLE THAN A PURE DATA CENTER CONNECTION THESIS <i>Quanta Services (PWR); Hubbell (HUBB) Positive Material support for the multiyear demand outlook</i> At least a 25% expansion of the \$19 billion transmission plan supports engineering, reconstruction, substations and components. Existing-system reliability spending is less dependent on campuses; smaller localized projects broaden work packages. February 2027 plans and Q1 2027 awards are catalysts. Quanta has a pathway, not an award; no Hubbell contract was identified.	
GAS TURBINES: THE BOTTLENECK IS BECOMING A COMMERCIAL COMMITMENT <i>Siemens Energy (ENR); GE Vernova (GEV) Positive Direct for Siemens Energy, indirect for GE Vernova</i> FirstEnergy reserved Siemens turbines for 2030 delivery and issued an RFP for another 3 GW, supporting order visibility, negotiating leverage and future service work. Siemens Energy is the direct exposure; GE Vernova has an opportunity, not an award. Undisclosed cancellation and payment terms prevent treating the reservation as an unconditional order.	
BRIDGE GENERATION: UTILITIES ARE BECOMING A ROUTE TO MARKET FOR MODULAR POWER <i>Bloom Energy (BE); Caterpillar (CAT) Positive Addressable demand; potentially more significant to Bloom</i> Starting approximately 1 GW campuses with approximately 100 MW buildings creates demand before permanent infrastructure arrives; fuel cells and reciprocating generation serve it. Utilities could originate, coordinate or own solutions, expanding purchasing channels. Reuse can improve residual value but reduce purchases. No supplier award was disclosed; emissions and operating costs limit deployment.	
POWER ACCESS IS BECOMING A CUSTOMER-FUNDED INFRASTRUCTURE OBLIGATION <i>Microsoft (MSFT); Amazon.com (AMZN); Alphabet (GOOGL); Meta Platforms (META) Negative Potentially material at individual projects</i> Prospective Maidsville customers showed openness to infrastructure surcharges. Minimum payments, collateral and long commitments can raise power costs and reduce flexibility to defer campuses. Phased energization can leave substantial capital supporting only part of intended capacity. FirstEnergy named no counterparties. Better-capitalized operators could gain share despite lower project returns.	