



Artesian Resources Corp. (ARTNA)

Updated August 18th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$33.2	5 Year CAGR Estimate:	13.0%	Market Cap:	\$343 M
Fair Value Price:	\$43.2	5 Year Growth Estimate:	4.9%	Ex-Dividend Date:	11/16/25 ¹
% Fair Value:	77%	5 Year Valuation Multiple Estimate:	5.4%	Dividend Payment Date:	11/27/25 ²
Dividend Yield:	3.7%	5 Year Price Target	\$55	Years Of Dividend Growth:	32
Dividend Risk Score:	D	Sector:	Utilities	Rating:	Hold

Overview & Current Events

Artesian Resources Corp. was founded in 1905 in New Castle County, Delaware. Through its subsidiaries, the company provides water, wastewater and other services, primarily in the Delaware region. Artesian Resources sells and distributes water to residential, commercial, industrial, governmental, and utility customers throughout the state. In addition, Artesian Resources provides water for public and private fire protection in Delaware, Maryland, and Pennsylvania. The company produces 7.9 billion gallons of water annually through 1,311 miles of water main with a population of approximately 301,000 served.

On August 8, 2025, Artesian Resources Corp reported results for the second quarter ended June 30, 2025, showing steady financial growth supported by both tariff adjustments and non-tariff revenue streams. Operating revenue came in at approximately \$28.5 million, a 4.1% increase over the prior year, reflecting higher tariff rates, surcharge adjustments, and growing demand for service-line protection and utility services. Operating income improved 9.1% to \$7.9 million, yielding an operating margin of 27.5%. Net income advanced 18.1% year-over-year to \$6.3 million, with diluted earnings per share rising from \$0.52 to \$0.61, comfortably ahead of expectations. For the first half of 2025, net income totaled \$11.7 million, an increase of 20.4%, while earnings per share reached \$1.14 compared to \$0.95 in the prior year. Operating cash flow remained strong at \$18.9 million for the quarter, though significant capital expenditures of \$26.3 million, up 43% year-to-date, resulted in a modest cash depletion of \$0.8 million and a quarter-end cash balance of \$0.35 million. Equity increased to \$244.9 million while long-term debt edged down to \$175.1 million, maintaining moderate leverage on the balance sheet. The company declared and paid a dividend of \$0.3074 per share during the quarter, representing a 4% increase from the prior period. In addition, a temporary base-rate increase of 1.22% became effective on June 3, 2025, subject to regulatory approval, while management also filed for a permanent rate increase of approximately 12.41% that could generate an additional \$10.8 million in annual revenue if approved.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.26	\$1.41	\$1.51	\$1.54	\$1.60	\$1.79	\$1.79	\$1.79	\$1.67	\$1.98	\$2.16	\$2.75
DPS	\$0.87	\$0.90	\$0.93	\$0.96	\$0.98	\$1.03	\$1.07	\$1.09	\$1.14	\$1.18	\$1.23	\$1.25
Shares³	9.1	9.1	9.2	9.3	9.3	9.4	9.4	9.5	10.3	10.3	10.3	11.0

Artesian Resources has enjoyed strong growth for a utility. EPS growth over the past decade has averaged just under 8% per year. That being said, we expect growth to slow somewhat moving forward to a 4.9% annualized growth rate over the next five years. Delaware's population growth averages approximately 1% per year, which along with 1%-2% annual price increases, provides a baseline growth rate for the company of approximately 2%-3%. The company can potentially increase this further by offering new services, improving economies of scale, and expanding its area, but growth beyond 5% per year may be difficult going forward and for now, we choose to remain conservative with our estimate.

¹ Estimate

² Estimate

³ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.0	20.9	24.2	23.9	23.3	21.8	25.9	29.7	21.4	20.0	15.4	20.0
Avg. Yld.	3.8%	3.1%	2.5%	2.6%	2.6%	2.6%	2.3%	2.1%	3.2%	3.2%	3.7%	2.3%

Due to its stability, Artesian Resources has historically commanded a rather high valuation. Currently, the P/E ratio is 15.4 and its dividend yield is 3.7%. We see 20X earnings as fair value, implying a tailwind to total returns in the coming years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	69%	64%	62%	62%	61%	58%	60%	61%	68%	60%	57%	45%

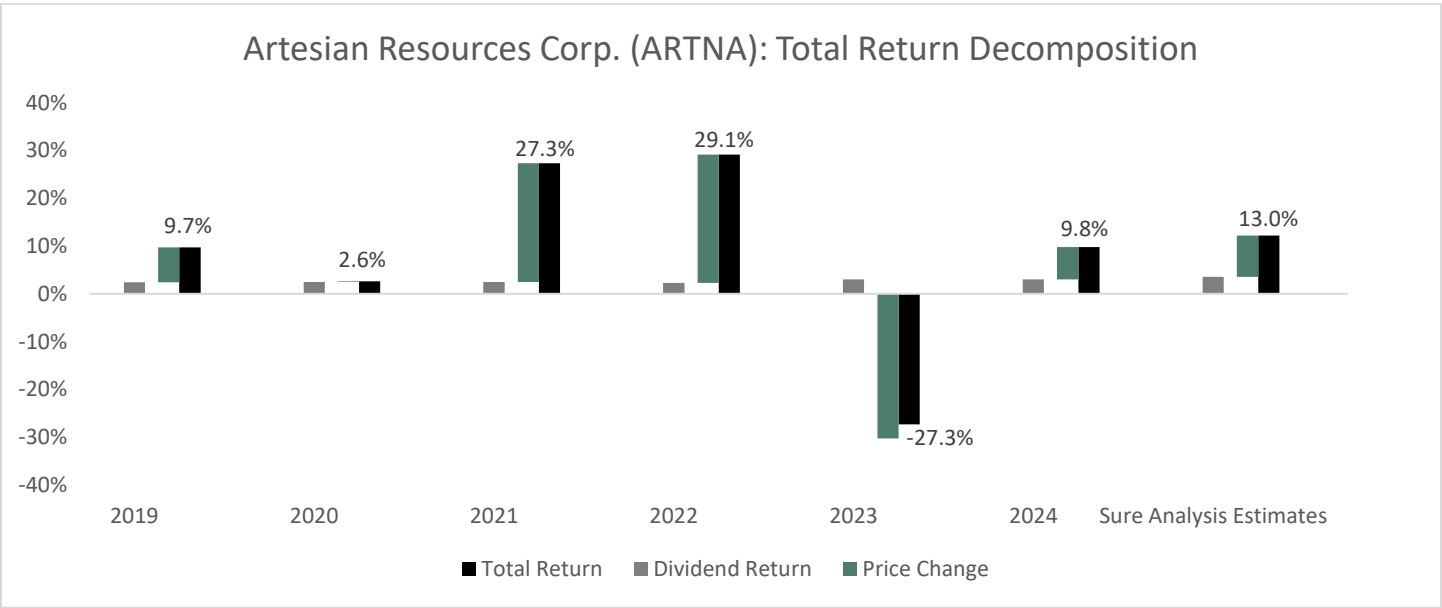
Artesian Resources has a solid balance sheet as annual interest expense is well-covered by operating income. The company uses a substantial amount of leverage but is in line with other utilities on this metric due to their stable, recession-resistant cash flows and large base of assets.

Like most utilities, the company’s earnings have historically been very recession-resistant. During the previous recession, the company’s earnings-per-share declined by 5% in 2007 and declined by a further 7% in 2008. By 2009, the company had recovered to match its 2006 peak earnings and surpassed that peak in 2010. The company operates in a regulated environment with long-term contracts, and its cash flows should be very safe going forward. The company has increased its dividend for 32 consecutive years, although at times the payout ratio was high.

Final Thoughts & Recommendation

Artesian Resources has been a very successful utility company with a long stretch of consecutive annual dividend increases and a solid growth rate in an otherwise slow-growing industry. We expect total returns over the next five years to average approximately 13.0% per year. However, due to the weak dividend score of D, it is rated a Hold at the current time.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	77	79	82	80	84	88	91	99	99	108
Gross Profit	39	41	41	39	41	45	46	48	48	53
Gross Margin	50.1%	51.6%	50.1%	48.8%	49.2%	50.5%	50.1%	48.8%	48.8%	49.5%
D&A Exp.	9	9	10	10	11	11	12	13	13	14
Operating Profit	25	27	27	24	25	28	28	30	29	33
Operating Margin	32.9%	34.3%	32.7%	29.8%	30.0%	31.7%	30.9%	30.1%	29.1%	31.0%
Net Profit	11	13	14	14	15	17	17	18	17	20
Net Margin	14.7%	16.4%	17.0%	17.8%	17.9%	19.1%	18.5%	18.2%	16.9%	18.9%
Free Cash Flow	8	2	(5)	(20)	(22)	(14)	(10)	(24)	(30)	(9)
Income Tax	8	8	7	5	5	6	6	6	6	7

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	432	451	495	530	560	593	625	720	767	799
Cash & Equivalents	0	0	1	0	1	0	0	1	3	1
Accounts Receivable	5	5	5	6	6	7	7	6	8	8
Inventories	2	2	2	1	1	2	2	5	6	4
Total Liabilities	299	312	348	377	400	424	447	532	536	559
Accounts Payable	5	6	9	8	8	6	10	11	10	11
Long-Term Debt	116	111	117	134	153	171	172	198	181	179
Shareholder's Equity	132	139	147	153	160	169	178	188	230	239
LTD/E Ratio	0.88	0.80	0.80	0.87	0.96	1.01	0.96	1.05	0.78	0.75

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.6%	2.9%	3.0%	2.8%	2.7%	2.9%	2.8%	2.7%	2.2%	2.6%
Return on Equity	8.8%	9.5%	9.8%	9.5%	9.5%	10.2%	9.7%	9.8%	8.0%	8.7%
ROIC	4.5%	5.2%	5.4%	5.2%	5.0%	5.1%	4.9%	4.9%	4.2%	4.9%
Shares Out.	9.1	9.1	9.2	9.3	9.3	9.4	9.4	9.5	10.3	10.3
Revenue/Share	8.55	8.63	8.90	8.65	8.96	9.41	9.64	10.43	9.86	10.48
FCF/Share	0.86	0.17	(0.58)	(2.14)	(2.34)	(1.49)	(1.01)	(2.55)	(3.03)	(0.89)

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

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