



Atmos Energy Corp. (ATO)

Updated November 26th, 2025, by Josh Arnold

Key Metrics

Current Price:	\$173	5 Year CAGR Estimate:	7.6%	Market Cap:	\$28 B
Fair Value Price:	\$160	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	11/24/25
% Fair Value:	108%	5 Year Valuation Multiple Estimate:	-1.6%	Dividend Payment Date:	12/08/25
Dividend Yield:	2.3%	5 Year Price Target	\$224	Years Of Dividend Growth:	42
Dividend Risk Score:	A	Sector:	Utilities	Rating:	Hold

Overview & Current Events

Atmos Energy can trace its beginnings all the way back to 1906 when it was formed in Texas. Since that time, it has grown both organically and through mergers to a \$28 billion market capitalization. The company distributes and stores natural gas in eight states, serves over 3 million customers, and should generate almost \$5 billion in revenue this year. Atmos has a 42-year history of raising dividends, putting it in rare company among dividend stocks.

Atmos posted fourth quarter and full-year earnings on November 5th, 2025, and results were better than expected. Full-year earnings came to \$7.46 per-share, which beat estimates very slightly. Capex came to \$3.6 billion for the year, with 87% of that spending focused on safety and reliability. Atmos ended the year with \$4.9 billion in available liquidity. Further, Atmos implemented \$334 million in annualized regulatory outcomes.

The company raised its dividend for the 42nd consecutive year, this time adding almost 15% to a new payout of \$4 per share annually.

Initial guidance for fiscal 2026 is for \$8.15 to \$8.35 in earnings-per-share, but we start the year at \$8 on high capex costs and potential downside risk to pricing. Indeed, capex is expected to be well in excess of \$4 billion this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$3.38	\$3.60	\$4.00	\$4.35	\$4.69	\$5.12	\$5.60	\$6.08	\$6.83	\$7.46	\$8.00	\$11.22
DPS	\$1.68	\$1.80	\$1.94	\$2.10	\$2.30	\$2.57	\$2.72	\$2.96	\$3.22	\$3.48	\$4.00	\$5.88
Shares¹	101	104	106	117	123	132	140	145	146	161	163	172

Atmos' earnings-per-share has risen steadily in the past decade as the company continues to grow both organically and through acquisitions. We are forecasting a five-year annual growth rate of 7% moving forward, in line with our prior estimate.

The company can achieve this growth through continued improvements in gross margin, reductions in operating costs as a percentage of revenue, and top line growth via acquisitions as well as customer growth. Along with margin improvements, Atmos should be able to produce mid-to-upper single-digit earnings-per-share growth annually. It continues to file favorable rate cases with its various localities that provide for small revenue increases over time as well, as we have seen time and again over the years. The distribution segment continues to lead the way while pipeline and storage struggles relatively. The company is working to modernize its pipeline and storage business, including heavy capex investment, in the hopes that this may translate into more efficient operating and therefore, better margins.

We are forecasting similar growth for the dividend as years of weak dividend growth have given way to a management team that is more willing to boost the payout. The company's payout ratio is just half of earnings, thus a dividend growth rate congruent with earnings-per-share growth, or slightly higher, looks reasonable given recent history. Indeed, the most recent dividend increase was 14.9%. We see the dividend rising to \$5.88 over the next five years.

¹ Share count 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.8	22	21.8	23.5	22.4	18.8	18.2	16.3	20.3	22.9	21.6	20.0
Avg. Yld.	2.4%	2.3%	2.2%	2.0%	2.2%	2.7%	2.7%	2.8%	2.3%	2.0%	2.3%	2.6%

Atmos, like many other utilities and dividend stocks in general, has seen a sizable increase in its valuation in recent years. The valuation has declined since our last update, and stands today at 21.6 times this year's earnings. Thus, we are forecasting a small headwind to total returns based upon the current valuation. We see the yield potentially rising as dividend raises outpace share price appreciation.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	50%	50%	49%	48%	49%	50%	49%	49%	47%	47%	50%	52%

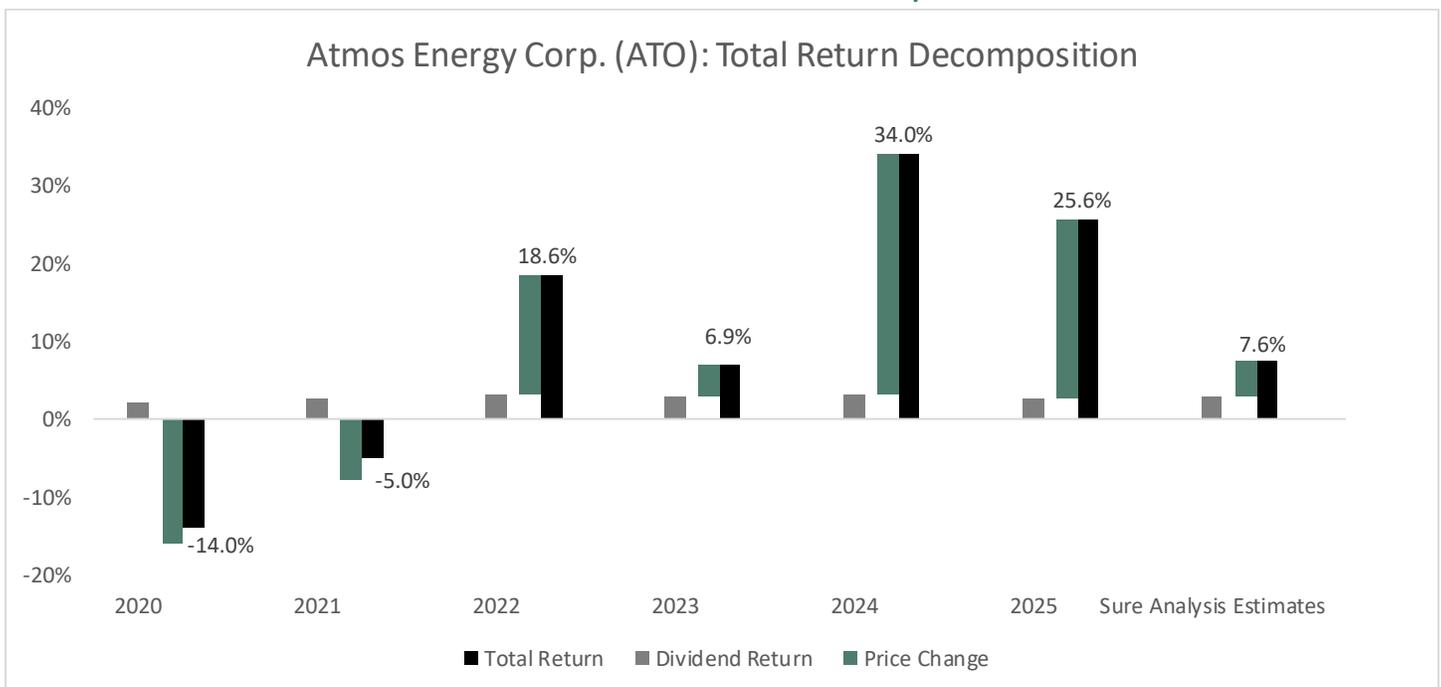
Atmos' payout ratio has drifted lower in recent years as dividend increases have been a lower priority than other spending. We expect the payout ratio to remain around 50%, as dividend increases roughly match the growth rate of earnings in the coming years. Atmos' dividend is safe and with the 2.3% yield, we see the payout as attractive compared to the broader market.

The company's competitive advantage is in its wide distribution area and lack of direct competition in its service areas for residential and commercial customers. In addition, discretionary use of natural gas is low as people use what they need, regardless of economic conditions, meaning Atmos' recession performance is likely to be resilient, as seen in 2020.

Final Thoughts & Recommendation

Atmos has strong fundamentals and a long track record of solid performance, but the valuation remains slightly elevated. We are forecasting total annual returns of 7.6%, consisting of the current 2.3% yield, 7% earnings-per-share growth and a modest headwind from the valuation. Given this, we're reiterating the stock at a hold rating despite higher projected total returns than our last update.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2927	2455	2760	3116	2902	2,821	3,407	4,202	4,275	4,165
Gross Profit	1631	1708	1834	1948	2043	2,162	2,375	2,519	2,058	2,412
Gross Margin	55.7%	69.6%	66.5%	62.5%	70.4%	76.6%	69.7%	59.9%	48.1%	57.9%
D&A Exp.	275	293	320	361	391	430	478	536	604	670
Operating Profit	612	657	736	728	746	824	905	921	1,067	1,355
Operating Margin	20.9%	26.8%	26.7%	23.4%	25.7%	29.2%	26.6%	21.9%	25.0%	32.5%
Net Profit	315	350	396	603	511	601	666	774	886	1,043
Net Margin	10.8%	14.3%	14.4%	19.4%	17.6%	21.3%	19.5%	18.4%	20.7%	25.0%
Free Cash Flow	-152	-292	-270	-343	-725	-898	-3,054	-1,467	654	-1,203
Income Tax	190	197	221	8	139	145	154	78	114	193

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	9075	10011	10750	11874	13368	15,359	19,609	22,193	22,517	25,194
Cash & Equivalents	29	48	26	14	25	21	117	52	15	307
Accounts Receivable	205	120	135	139	127	140	343	258	329	221
Inventories	249	185	189	174	136	119	178	384	246	186
Goodwill & Int. Ass.	743	727	730	730	731	731	731	731	823	814
Total Liabilities	5880	6548	6851	7104	7617	8,568	11,702	12,774	11,647	13,037
Accounts Payable	79	114	143	135	177	141	423	259	218	342
Long-Term Debt	2895	3269	3515	3644	3994	4,523	4,930	8,095	6,893	7,870
Shareholder's Equity	3195	3463	3899	4770	5750	6,791	7,907	9,419	10,870	12,158
LTD/E Ratio	0.91	0.94	0.90	0.76	0.69	0.67	0.62	0.86	0.63	0.65

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.6%	3.7%	3.8%	5.3%	4.1%	4.2%	3.8%	3.7%	4.0%	4.4%
Return on Equity	10.0%	10.5%	10.8%	13.9%	9.7%	9.6%	9.1%	8.9%	8.7%	9.1%
ROIC	5.3%	5.5%	5.6%	7.6%	5.6%	5.7%	5.0%	4.8%	5.0%	5.5%
Shares Out.	100	101	104	106	117	123	130	138	145	153
Revenue/Share	28.73	23.71	26.01	28.06	24.70	22.96	26.24	30.43	29.45	27.28
FCF/Share	-1.49	-2.82	-2.54	-3.09	-6.17	-7.31	-23.52	-10.62	4.50	-7.88

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

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