



# National Fuel Gas Co. (NFG)

Updated November 18<sup>th</sup>, 2025 by Aristofanis Papadatos

## Key Metrics

|                             |      |                                            |        |                                  |                         |
|-----------------------------|------|--------------------------------------------|--------|----------------------------------|-------------------------|
| <b>Current Price:</b>       | \$81 | <b>5 Year CAGR Estimate:</b>               | 11.0%  | <b>Market Cap:</b>               | \$7.3 B                 |
| <b>Fair Value Price:</b>    | \$98 | <b>5 Year Growth Estimate:</b>             | 5.0%   | <b>Ex-Dividend Date:</b>         | 12/30/2025 <sup>1</sup> |
| <b>% Fair Value:</b>        | 83%  | <b>5 Year Valuation Multiple Estimate:</b> | 3.9%   | <b>Dividend Payment Date:</b>    | 1/14/2026 <sup>1</sup>  |
| <b>Dividend Yield:</b>      | 2.6% | <b>5 Year Price Target</b>                 | \$125  | <b>Years Of Dividend Growth:</b> | 55                      |
| <b>Dividend Risk Score:</b> | A    | <b>Sector:</b>                             | Energy | <b>Rating:</b>                   | Hold                    |

## Overview & Current Events

National Fuel Gas Co. is a diversified energy company that operates in four business segments: Upstream & Gathering, Pipeline & Storage, Utility, and Energy Marketing. The largest segment of the company is Exploration & Production. National Fuel Gas was founded in 1902 and has grown to a market capitalization of \$7.3 billion. With 55 years of consecutive dividend increases, National Fuel Gas qualifies to be a Dividend King.

In early November, National Fuel Gas reported (11/5/25) financial results for the fourth quarter of fiscal 2025. The company grew its production 21% over the prior year's quarter, primarily thanks to strong performance in new pads. In addition, the average realized price of natural gas grew 9%, from \$2.40 to \$2.61. As a result, earnings-per-share surged 58%, from \$0.77 to \$1.22, and exceeded the analysts' consensus by \$0.11. The company has beaten the analysts' estimates in 22 of the last 26 quarters.

National Fuel Gas provided strong guidance for fiscal 2026, expecting earnings-per-share of \$7.60-\$8.10. Accordingly, we expect earnings-per-share of \$7.90. If this proves correct, it will mark 14% growth of earnings-per-share over the previous year. On the other hand, the material revision of the guidance of management in most of the last seven quarters is a reminder of the high sensitivity of National Fuel Gas to the swings of the price of natural gas. That's why this is not a buy-and-hold-forever stock.

## Growth on a Per-Share Basis

| Year                      | 2016    | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026          | 2031           |
|---------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|----------------|
| <b>EPS</b>                | -\$3.43 | \$3.30 | \$3.34 | \$3.45 | \$2.92 | \$4.29 | \$5.88 | \$5.17 | \$5.01 | \$6.91 | <b>\$7.90</b> | <b>\$10.08</b> |
| <b>DPS</b>                | \$1.60  | \$1.64 | \$1.68 | \$1.72 | \$1.76 | \$1.80 | \$1.86 | \$1.94 | \$2.02 | \$2.10 | <b>\$2.14</b> | <b>\$2.42</b>  |
| <b>Shares<sup>2</sup></b> | 85.1    | 85.5   | 86.0   | 86.8   | 91.0   | 91.9   | 92.2   | 92.4   | 91.3   | 91.2   | <b>91.2</b>   | <b>95.0</b>    |

National Fuel Gas pursues growth by growing its natural gas production and expanding its pipeline network. It has grown its earnings-per-share at a 9.7% average annual rate over the last eight years. Moreover, the company grew its proved reserves 8% in 2022, 9% in 2023 and 5% in 2024. This certainly bodes well for future growth prospects.

On the other hand, due to the high cyclicity of the price of natural gas, we need a margin of safety. Management has provided guidance for earnings-per-share of \$7.60-\$8.10 in fiscal 2026. We expect earnings-per-share to grow by 5.0% per year on average over the next five years in order to have a margin of safety. Gas prices may find support from the Ukrainian crisis and strong electricity demand from data centers in the short run but numerous countries are investing in renewable energy projects at full throttle to reduce their dependence on natural gas right now. As a result, we do not expect gas prices to return to their multi-year highs, which were reached in 2022, in the upcoming years. Essentially 100% of the output of National Fuel Gas is natural gas. Therefore, as the Upstream & Gathering segment generates nearly all the profits of the company, the latter greatly depend on the price of natural gas. As a result, there is always great uncertainty in the long-term forecasts of the earnings of this company.

<sup>1</sup> Estimated date.

<sup>2</sup> In millions.

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## Valuation Analysis

| Year      | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now         | 2031        |
|-----------|------|------|------|------|------|------|------|------|------|------|-------------|-------------|
| Avg. P/E  | ---  | 17.2 | 12.8 | 15.6 | 14.6 | 11.1 | 11.1 | 11.0 | 10.7 | 10.9 | <b>10.3</b> | <b>12.4</b> |
| Avg. Yld. | 2.5% | 3.1% | 2.9% | 3.2% | 4.1% | 3.8% | 2.8% | 3.4% | 3.8% | 2.8% | <b>2.6%</b> | <b>1.9%</b> |

National Fuel Gas is trading at a price-to-earnings ratio of 10.3, which is lower than the historical 7-year average of 12.4 of the stock. If the stock trades at its average valuation level in five years, it will enjoy a 3.9% annualized valuation gain.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year   | 2016 | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026         | 2031         |
|--------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------------|
| Payout | ---  | 49.7% | 50.3% | 50.0% | 60.3% | 42.0% | 31.6% | 37.5% | 40.3% | 30.4% | <b>27.1%</b> | <b>24.0%</b> |

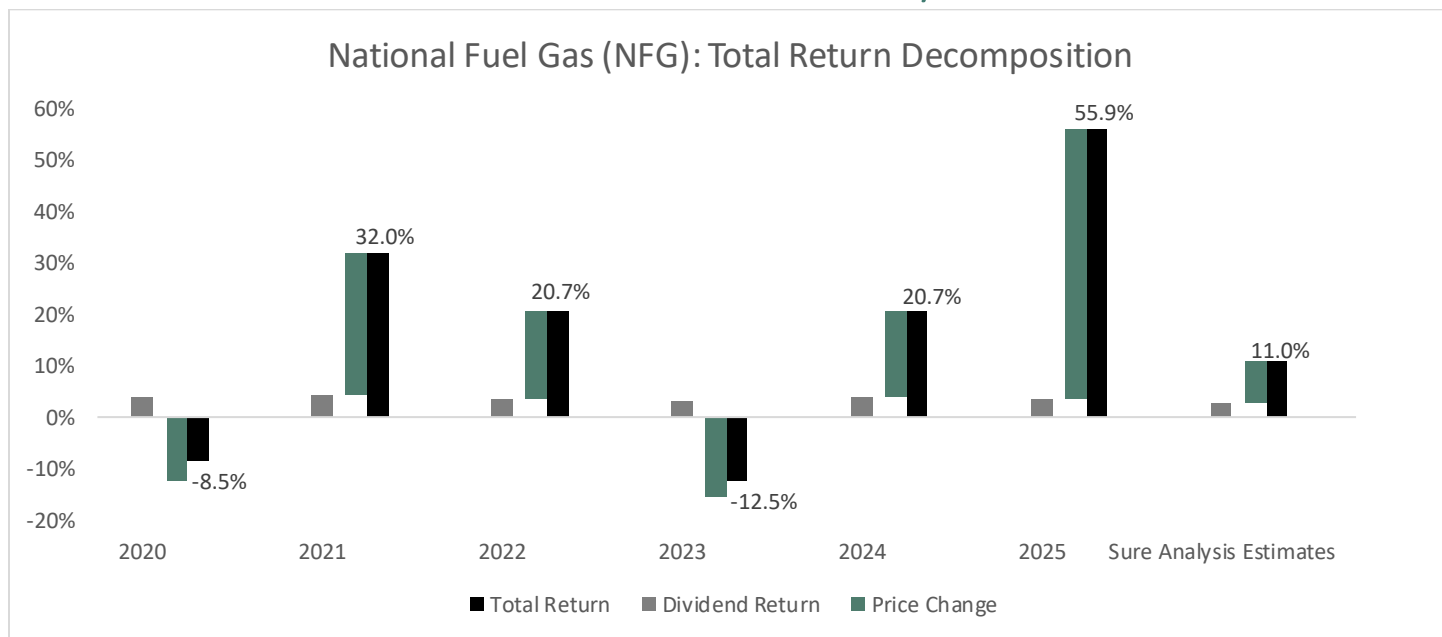
National Fuel Gas has a healthy balance sheet while its interest coverage level stands at a strong 6.1. Moreover, its dividend payout ratio is sufficiently low to enable continued dividend growth even if earnings stall temporarily. Management has always targeted a dividend payout ratio around 50% in order to have a wide margin of safety against the wide fluctuations of the price of natural gas. As the 2.6% dividend yield of National Fuel Gas is more than double the yield of the S&P 500 (1.1%), the stock may entice income-oriented investors. However, these investors should be aware of the company's high dependence on the price of natural gas.

Qualitatively, National Fuel Gas' competitive advantage is its combination of regulated and stable businesses (like pipelines and utilities) with cyclical and potentially higher-growth sectors (like exploration & production). This allows the company to endure difficult operating environments and downturns, such as the coronavirus crisis, with less difficulty than its peers who may focus exclusively on the more cyclical areas of the energy sector.

## Final Thoughts & Recommendation

National Fuel Gas has sustained production growth, a promising outlook and a reasonable valuation. It has rallied 33% this year but it could still offer an 11.0% average annual return over the next five years thanks to 5.0% growth of earnings-per-share, a 2.6% dividend and a 3.9% valuation tailwind. The stock maintains its hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

| Year             | 2016   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue          | 1,452  | 1,580 | 1,593 | 1,693 | 1,546 | 1,743 | 2,186 | 2,174 | 1,945 | 2,278 |
| Gross Profit     | 1,055  | 1,080 | 1,014 | 1,031 | 568   | 760   | 903   | 848   | 818   | 1,050 |
| Gross Margin     | 72.6%  | 68.4% | 63.7% | 60.9% | 36.7% | 43.6% | 41.3% | 39.0% | 42.0% | 46.1% |
| Operating Profit | 532    | 594   | 520   | 512   | 479   | 665   | 802   | 755   | 729   | 955   |
| Operating Margin | 36.6%  | 37.6% | 32.6% | 30.2% | 31.0% | 38.2% | 36.7% | 34.7% | 37.5% | 41.9% |
| Net Profit       | (291)  | 283   | 392   | 304   | (124) | 364   | 566   | 477   | 78    | 519   |
| Net Margin       | -20.0% | 17.9% | 24.6% | 18.0% | -8.0% | 20.9% | 25.9% | 21.9% | 4.0%  | 22.8% |
| Free Cash Flow   | 7      | 234   | 31    | (94)  | (482) | 40    | 1     | 227   | 135   | 187   |
| Income Tax       | (233)  | 161   | (7)   | 85    | 19    | 115   | 117   | 165   | 10    | 176   |

## Balance Sheet Metrics

| Year                 | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Assets         | 5,636 | 6,103 | 6,036 | 6,462 | 6,965 | 7,465 | 7,896 | 8,280 | 8,320 | 8,719 |
| Cash & Equivalents   | 130   | 556   | 230   | 20    | 21    | 32    | 46    | 55    | 38    | 43    |
| Accounts Receivable  | 133   | 112   | 141   | 140   | 144   | 205   | 362   | 161   | 127   | 197   |
| Inventories          | 71    | 74    | 78    | 80    | 85    | 120   | 172   | 81    | 83    | 90    |
| Goodwill & Int. Ass. | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| Total Liabilities    | 4,109 | 4,400 | 4,099 | 4,323 | 4,993 | 5,679 | 5,816 | 5,317 | 5,471 | 5,625 |
| Accounts Payable     | 108   | 126   | 160   | 132   | 134   | 172   | 179   | 152   | 165   | 184   |
| Long-Term Debt       | 2,086 | 2,384 | 2,131 | 2,189 | 2,660 | 2,787 | 2,692 | 2,672 | 2,779 | 2,683 |
| Shareholder's Equity | 1,527 | 1,704 | 1,937 | 2,139 | 1,972 | 1,786 | 2,080 | 2,963 | 2,848 | 3,095 |
| D/E Ratio            | 1.37  | 1.40  | 1.10  | 1.02  | 1.35  | 1.56  | 1.29  | 0.90  | 0.98  | 0.92  |

## Profitability & Per Share Metrics

| Year             | 2016   | 2017  | 2018  | 2019   | 2020   | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------------|--------|-------|-------|--------|--------|-------|-------|-------|-------|-------|
| Return on Assets | -4.8%  | 4.8%  | 6.5%  | 4.9%   | -1.8%  | 5.0%  | 7.4%  | 5.9%  | 0.9%  | 6.0%  |
| Return on Equity | -16.4% | 17.5% | 21.5% | 14.9%  | -6.0%  | 19.4% | 29.3% | 18.9% | 2.7%  | 17.4% |
| ROIC             | -7.5%  | 7.4%  | 9.6%  | 7.2%   | -2.8%  | 7.9%  | 12.1% | 9.2%  | 1.4%  | 8.9%  |
| Shares Out.      | 85.1   | 85.5  | 86.0  | 86.8   | 91.0   | 91.9  | 92.1  | 92.3  | 92.34 | 91.23 |
| Revenue/Share    | 17.12  | 18.37 | 18.43 | 19.51  | 17.58  | 19.01 | 23.73 | 23.55 | 21.06 | 24.97 |
| FCF/Share        | 0.09   | 2.72  | 0.36  | (1.09) | (5.47) | 0.43  | 0.01  | 2.46  | 1.46  | 2.05  |

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

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