



Northwest Natural Holding Company (NWN)

Updated November 5th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$46.0	5 Year CAGR Estimate:	8.4%	Market Cap:	\$1.9 B
Fair Value Price:	\$46.4	5 Year Growth Estimate:	4.4%	Ex-Dividend Date:	1/31/26 ¹
% Fair Value:	99%	5 Year Valuation Multiple Estimate:	0.2%	Dividend Payment Date:	2/15/26 ²
Dividend Yield:	4.3%	5 Year Price Target	\$58	Years Of Dividend Growth:	70
Dividend Risk Score:	A	Sector:	Utilities	Rating:	Buy

Overview & Current Events

NW Natural was founded in 1859 and has grown from a small utility to a large publicly traded utility today. The utility's mission is to deliver natural gas to its customers in the Pacific Northwest and it has done that well, affording it the ability to raise its dividend for 70 consecutive years. NW Natural trades with a market capitalization of \$1.9 billion.

On November 5th, 2025 the company reported results for the third quarter of fiscal 2025. The company posted a net loss of \$0.73 per share for Q3, nearly unchanged from a \$0.71 per share loss in the same quarter a year ago. On a year-to-date basis covering the first nine months of 2025 the firm achieved net income of \$1.36 per share, up from \$0.88 per share in the prior year, with an adjusted net income of \$1.52 per share. Revenue for the nine-month period rose to approximately \$895.2 million from about \$782.1 million a year earlier, reflecting the impact of acquisitions and rate increases. During the quarter the company added over 95 000 new gas and water utility connections over the past twelve months, representing a combined growth rate of 10.9 %, largely driven by the acquisition of SiEnergy. Capital investment in gas and water systems totaled \$333 million in the first nine months of 2025. The firm also issued \$185 million of inaugural investment-grade bonds at SiEnergy to refinance existing debt, and new rates went into effect October 31 2025 for Oregon and Washington customers under the general rate case and purchased gas adjustment mechanism. The company raised its dividend for the 70th consecutive year to an annual indicated rate of \$1.97 per share and expects 2025 full-year GAAP earnings per share to come in above the midpoint of the guidance range of \$2.59 to \$2.79, and adjusted EPS above the midpoint of \$2.75 to \$2.95. The company reaffirmed its long-term EPS growth target of 4% to 6% annually.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.29	\$2.19	\$2.24	\$2.33	\$2.41	\$2.30	\$2.56	\$2.54	\$2.59	\$2.33	\$2.90	\$3.60
DPS	\$1.86	\$1.87	\$1.88	\$1.90	\$1.91	\$1.91	\$1.92	\$1.93	\$1.94	\$1.95	\$1.97	\$2.40
Shares³	27.4	28.6	28.8	28.9	30.5	30.6	31.2	35.5	37.7	40.2	40.9	45.0

We are forecasting an average growth rate of 4.4% for the next five years as NW Natural pushes through approved pricing increases and continues to acquire customers at low-single-digit rates, as it did with the new Oregon rate case. NW Natural also has its water utilities business that will provide a small amount of growth, but higher earnings will primarily come from customer and pricing growth while the company invests in its water business for longer-term growth.

The company's dividend has been raised for 70 consecutive years, so the payout is of great importance to shareholders. The dividend has grown very slowly in recent years as a lack of earnings growth has capped the amount of cash NW Natural can return to shareholders. We are forecasting dividend growth going forward to grow slower than the earnings per share since the company needs to retain more cash flow to fuel its growth.

¹ Estimated Date

² Estimated Date

³ In millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	22.3	27.4	25.9	24.9	30.7	20.0	19.1	18.9	15.1	17.2	15.9	16.0
Avg. Yld.	3.6%	3.1%	3.2%	3.3%	2.6%	4.2%	3.9%	4.0%	5.0%	4.9%	4.3%	4.2%

NW Natural’s price-to-earnings multiple rose from 15.2 in 2009 to 30.2 in 2019 before declining back to 15.9 today. With interest rates seeming to have peaked and NW Natural’s solid growth profile, we have set our estimate of fair value at 16 times earnings, even though NWN was trading for over 30 times earnings not too long ago. As a result, the stock is slightly undervalued right now according to our model.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	81%	85%	84%	82%	79%	83%	75%	76%	75%	84%	68%	67%

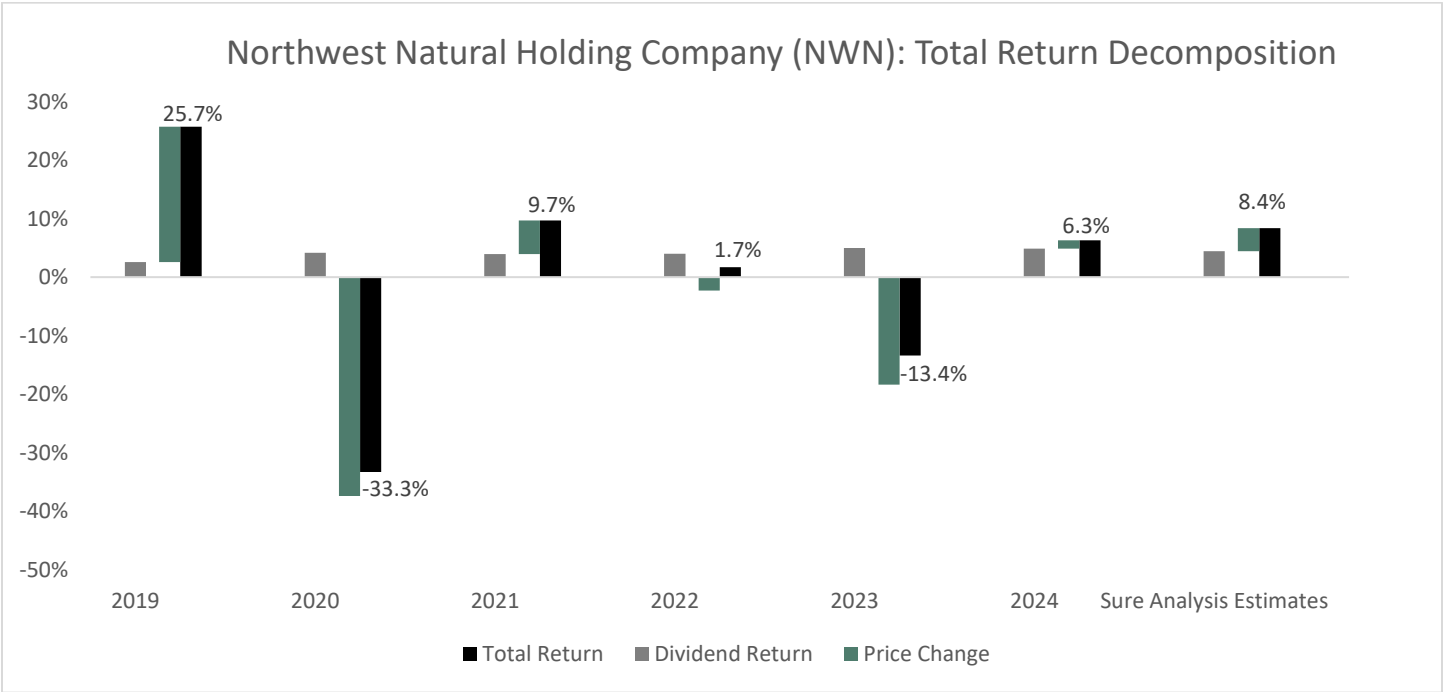
NW Natural’s quality metrics have been very steady in the past decade. Seventy-six percent of its total assets are encumbered by debt, which is completely acceptable for a utility. Its interest coverage is fairly strong, so there are certainly no financing concerns moving forward. The payout ratio is around two-thirds of earnings, which is much improved from previous years.

Its obvious competitive advantage is in its monopoly in its service areas. This allowed it to perform extremely well during the Great Recession as discretionary use of natural gas and water is very low. At the same time, its regulatory nature prevents it from driving strong profitability growth during economic booms.

Final Thoughts & Recommendation

We forecast 8.4% annualized total returns moving forward, thanks to a combination of an attractive and growing dividend and solid earnings per share growth enhanced by slight valuation multiple expansion. As a result, we rate it a Buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	724	668	755	706	746	774	860	1,037	1,197	1,153
Gross Profit	239	271	278	264	283	301	329	341	375	398
Gross Margin	33.0%	40.5%	36.8%	37.4%	37.9%	38.8%	38.3%	32.9%	31.3%	34.5%
Operating Profit	81	78	81	85	91	104	114	133	143	158
Operating Margin	17.2%	22.6%	20.0%	18.7%	19.2%	19.2%	19.0%	16.1%	15.4%	16.6%
Net Profit	54	59	(56)	65	62	77	79	86	94	79
Net Margin	7.4%	8.8%	-7.4%	9.1%	8.3%	9.9%	9.1%	8.3%	7.8%	6.8%
Free Cash Flow	66	84	(7)	(50)	(56)	(136)	(134)	(191)	(47)	(194)
Income Tax	36	43	41	24	13	21	27	29	32	31

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,069	3,080	3,040	3,243	3,428	3,756	4,065	4,748	4,867	5,234
Cash & Equivalents	4	4	3	13	10	30	19	29	33	38
Accounts Receivable	68	67	66	67	67	88	101	169	121	124
Inventories	71	54	48	44	44	43	57	87	113	107
Total Liabilities	2,288	2,229	2,297	2,480	2,562	2,868	3,129	3,573	3,583	3,849
Accounts Payable	73	86	111	116	113	98	133	181	145	133
Long-Term Debt	864	773	834	954	1,030	1,260	1,434	1,595	1,666	1,880
Shareholder's Equity	781	850	743	763	866	889	935	1,175	1,284	1,385
LTD/E Ratio	1.11	0.91	1.12	1.25	1.19	1.42	1.53	1.36	1.30	1.36

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.8%	1.9%	-1.8%	2.1%	1.9%	2.1%	2.0%	2.0%	2.0%	1.6%
Return on Equity	6.9%	7.2%	-7.0%	8.6%	7.6%	8.8%	8.6%	8.2%	7.6%	5.9%
ROIC	3.2%	3.6%	-3.5%	3.9%	3.4%	3.8%	3.5%	3.4%	3.3%	2.5%
Shares Out.	27.4	28.6	28.8	28.9	30.5	30.6	31.2	35.5	37.7	40.1
Revenue/Share	26.40	24.05	26.26	24.46	25.00	25.28	27.98	30.52	33.02	29.66
FCF/Share	2.42	3.02	(0.23)	(1.74)	(1.88)	(4.43)	(4.34)	(5.62)	(1.31)	(4.99)

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

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