Star Group, L.P. (SGU)

Updated December 24th, 2025 by Yiannis Zourmpanos

Key Metrics

Current Price:	$12	**5 Year Annual Expected Total Return:**	8.5%	**Market Cap:**	$390.8 M
Fair Value Price:	$11	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	01/19/26[1]
% Fair Value:	105%	**5 Year Valuation Multiple Estimate:**	-1.0%	**Dividend Payment Date:**	01/30/26[2]
Dividend Yield:	6.2%	**5 Year Price Target**	$14	**Years Of Dividend Growth:**	13
Dividend Risk Score:	F	**Sector:**	Utilities	**Rating:**	Hold

Overview & Current Events

Star Group, L.P. (SGU) is a home heating oil and propane distributor and services provider. The company was founded in 1995 as Star Gas Partners, L.P., and changed its name to Star Group, L.P. in October 2017. The company's Petro Holdings subsidiary provides heating oil and propane to 416,000 US Northeast and Mid-Atlantic customers. In addition, the company also sells diesel and gasoline to customers across the United States. Star Group, L.P. is the nation's largest home heating oil retail distributor, giving it a competitive advantage. The company has a strong market position in the home heating oil and propane distribution industry and has maintained a steady market share in recent years. The company operates in two revenue segments: Home Heating Oil and Propane and Other Products and Services, including commercial heating and HVAC services, equipment installations, and repair and maintenance services.

On December 9th, 2025, the company announced its Q4 results for the fiscal year 2025, reporting non-GAAP EPS of $1.82.

Star Group, L.P. wrapped up fiscal 2025 with a steady full-year performance that reflected stronger volumes, disciplined execution, and the benefits of recent acquisitions. For the year ended September 30, 2025, total revenue edged up about 1% to $1.8 billion, as higher home heating oil and propane volumes and growing installation and service sales offset lower selling prices tied to reduced wholesale costs. Total fuel volume rose 11.5% to 282.6 million gallons, supported by colder weather and acquisition-driven growth. Net income climbed $38.3 million to $73.5 million, fueled by higher Adjusted EBITDA, a favorable swing in derivative valuations, and a gain from real estate sales, partially offset by higher taxes, depreciation, and interest expense. Adjusted EBITDA increased 22.2% to $136.4 million, underscoring improved margins, better service profitability, and solid contributions from acquired businesses.

Fourth-quarter results highlighted typical seasonal pressures but also showed areas of resilience. Revenue increased 3.1% year over year to $247.7 million, driven largely by stronger installation and service activity, while fuel volumes rose 8.1% to 20.0 million gallons on acquisition-related growth. The quarterly net loss narrowed to $28.7 million, helped by favorable derivative movements and asset sale gains, though Adjusted EBITDA posted a seasonal loss of $33.0 million. Management emphasized progress on diversification, cost control, and margin discipline, positioning the company for continued improvement and greater balance as it heads into fiscal 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.70	$0.46	$0.89	$0.35	$1.07	$1.82	$0.85	$0.81	$0.90	$1.82	***$0.95***	***$1.16***
DPS	$0.40	$0.43	$0.46	$0.49	$0.52	$0.56	$0.60	$0.64	$0.68	$0.73	***$0.74***	***$0.90***
Shares[3]	57.0	55.9	54.8	50.8	45.7	40.6	37.4	35.7	35.3	34.3	***26.0***	***19.6***

Despite rising share prices and profits, the situation for Star Group is difficult due to rapidly rising commodity prices and a decline in client base. The financial success of Star Group depends heavily on the weather, which is directly correlated

[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[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.

to its performance. In addition, Star Group has suffered because of the influence of the war in Ukraine on rising energy commodity prices. The variation in the price of the underlying commodity itself is typically what causes SGU's free cash flow to fluctuate since the company must use more working capital to purchase inventory when oil prices are higher.

Considering the seasonality of this business and the limited growth prospects of the industry, we forecast an EPS of 4.0%, in line with the company's historical averages. The consistent share count reduction throughout the past years has decently rewarded investors with higher earnings yield. Therefore, the company will continue its share repurchase program at the same pace, leading to our EPS estimate of $1.16 by 2031. Star Group's DPS had a 10-year and 5-year CAGR of 6.9% and 5.7%, respectively. The stock offers a high dividend yield and consistent buybacks that significantly reduce the number of outstanding shares.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	12.8	22.7	10.8	27.2	8.4	5.8	11.6	15.2	13.0	6.6	***12.6***	***12.0***
Avg. Yld.	4.5%	4.1%	4.8%	5.1%	5.8%	5.3%	6.1%	5.2%	5.8%	6.1%	***6.2%***	***6.5%***

Star Group is trading at a forward P/E of 12.6, which is above its five-year average P/E of 10.4**.** Considering the seasonality of Star Group's industry, we believe a P/E of 12.0 better reflects the company's risk/reward profile, suggesting a target price of $14 by 2031.

Safety, Quality, Competitive Advantage, & Recession Resiliency

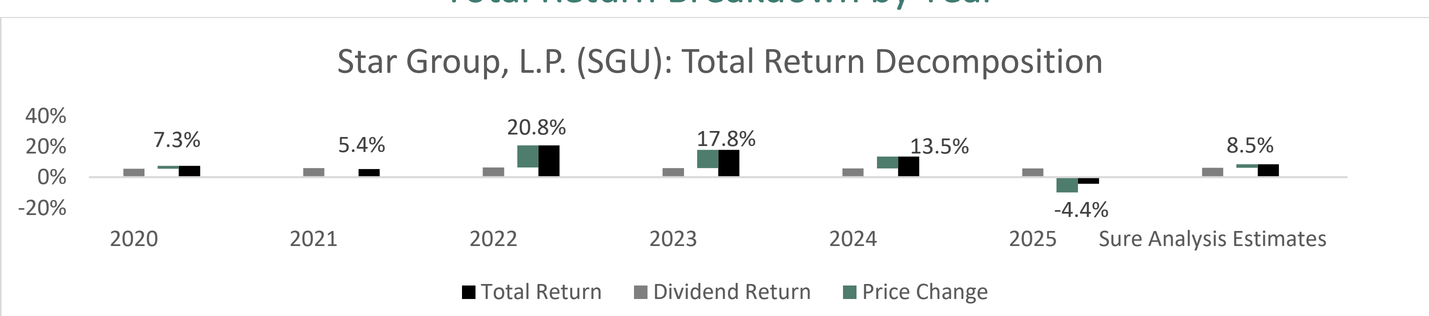
Year	2016	2017	2018	2019	2020	2021	2022	2023	2025	2025	2026	2031
Payout	57%	93%	52%	140%	49%	31%	71%	79%	76%	40%	***78%***	***78%***

The domestic home heating market is incredibly fragmented, and SGU has the choice to counteract the ongoing attrition of customers by making selected acquisitions of rival businesses. Since the rivals are mainly small firms, Star Group can be selective at good valuation points. Moreover, Star Group is relatively leveraged, with a total debt-to-equity ratio of 96%, cash reserves of $24.68 million, and total debt of $285 million. Lastly, the company relies on rolling lines of credit to cover financial deficits as commodity prices increase, product utilization reduces, and net consumers shrink. SGU is considered a prominent player in the sector, and its size gives the company a substantial competitive advantage. The acquisition strategy will support its growth and dominance in the sector by buying smaller firms during bad times.

Final Thoughts & Recommendation

The amount of oil and gas consumers use will increase as the temperature cools and revenue should rise over the next several quarters. While the company has little control over pricing volatility or the environment, Star Group is making great efforts to create value, boost customer loyalty, and save costs overall. Therefore, we maintain our rating of hold, premised upon the 8.5% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 4.0%, a dividend yield of 6.2%, a valuation headwind, and a weak dividend risk score.

Total Return Breakdown by Year



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.

Star Group, L.P. (SGU)

Updated December 24th, 2025 by Yiannis Zourmpanos

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,161	1,324	1,678	1,754	1,467	1,497	2,007	1,953	1,766	1,784
Gross Profit	366	381	432	455	440	444	452	438	470	545
Gross Margin	31.5%	28.8%	25.7%	25.9%	30.0%	29.7%	22.5%	22.4%	26.6%	30.5%
SG&A Exp.	23	25	24	28	25	25	25	26	28	31
D&A Exp.	28	29	33	34	36	34	34	33	32	36
Operating Profit	66	49	50	57	92	91	73	59	76	115
Operating Margin	5.7%	3.7%	3.0%	3.3%	6.3%	6.1%	3.6%	3.0%	4.3%	6.4%
Net Profit	40	26	49	18	56	88	35	32	32	63
Net Margin	3.5%	2.0%	2.9%	1.0%	3.8%	5.9%	1.8%	1.6%	1.8%	3.5%
Free Cash Flow	92	9	44	86	162	54	15	115	100	56
Income Tax	34	20	8	8	21	34	14	14	13	29

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	692	674	730	753	839	854	912	875	940	975
Cash & Equivalents	139	52	15	5	57	5	15	45	117	25
Accounts Receivable	79	97	133	120	84	100	138	114	95	102
Inventories	46	60	56	65	50	61	84	56	42	47
Goodwill & Int. Ass.	310	331	327	352	331	349	339	338	375	418
Total Liabilities	391	368	420	492	583	576	655	612	676	678
Accounts Payable	26	27	36	34	31	37	49	36	32	34
Long-Term Debt	92	76	101	153	123	119	184	148	209	265
Shareholder's Equity	301	306	310	261	256	278	258	264	264	303
D/E Ratio									0.79	0.94

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.9%	3.8%	7.0%	2.4%	7.0%	10.4%	4.0%	3.6%	3.5%	6.5%
Return on Equity	13.7%	8.6%	16.0%	6.2%	21.6%	32.9%	13.2%	12.3%	12.2%	22.5%
ROIC	42.2%	31.1%	55.7%	13.9%	40.5%	72.7%	23.3%	19.2%	18%	11.0%
Shares Out.	57.0	55.9	54.8	50.8	45.7	40.6	37.4	36	35	34
Revenue/Share	20.37	23.68	30.64	34.52	32.14	36.92	53.67	54.71	50.07	52.06
FCF/Share	1.61	0.16	0.80	1.69	3.54	1.33	0.41	3.21	2.84	1.64

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