ONE Gas, Inc. (OGS)

Updated February 23rd, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$86	**5 Year Annual Expected Total Return:**	7.8%	**Market Cap:**	$5.36 B
Fair Value Price:	$83	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	02/20/26
% Fair Value:	104%	**5 Year Valuation Multiple Estimate:**	-0.7%	**Dividend Payment Date:**	03/06/26
Dividend Yield:	3.2%	**5 Year Price Target**	$111	**Years Of Dividend Growth:**	12
Dividend Risk Score:	F	**Sector:**	Utilities	**Rating:**	Hold

Overview & Current Events

ONE Gas is one of the largest publicly traded natural gas utilities in the United States. The company provides natural gas distribution services to 2.3 million customers. ONE Gas is the largest natural gas distributor in Oklahoma (89% market share) and Kansas (72% market share), and the third-largest in Texas (13% market share). Its customers comprise residential, commercial, and transportation-related customers in all three states. ONE Gas is the successor to the company founded in 1906 as Oklahoma Natural Gas Company, which became ONEOK, Inc. (NYSE: OKE) in 1980. On January 31st, 2014, ONE Gas officially separated from ONEOK. The company generates around $2.43 billion in annual revenues and is based in Tulsa, Oklahoma.

On January 21st, 2026, ONE Gas raised its dividend by 1.5% to a quarterly rate of $0.68.

On February 18th, 2026, ONE Gas posted its Q4 and full year results for the period ending December 31st, 2025. For the quarter, revenues came in at $689.4 million, up 9.3% year-over-year. Operating income was $139.7 million, compared to $124.3 million in the prior year's quarter.

The increase in operating income was primarily driven by an increase of $23.8 million from new rates and an increase of $1.3 million in residential sales due primarily to net customer growth in Oklahoma and Texas. These gains were partially offset by i) an increase of $4.2 million in employee-related costs, ii) an increase of $3.8 million in depreciation and amortization expense from additional capital investment, and iii) an increase of $3.3 million in outside services, due in part to the execution of certain projects earlier than planned.

EPS was $1.42, up $0.08 vs. Q4-2024. Excluding interest related to KGSS-I securitized bonds, net interest expense fell $2.9 million year-over-year, primarily due to lower rates on commercial paper borrowings and the implementation of Texas House Bill 4384. For full year 2025, diluted EPS was $4.37, and adjusted diluted EPS was $4.48. Management introduced 2026 EPS guidance of $4.83 to $4.95 on an adjusted basis. All past figures in the table follow GAAP.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.67	$3.10	$3.27	$3.53	$3.70	$3.85	$4.08	$4.14	$3.91	$4.37	***$4.89***	***$6.54***
DPS	$1.40	$1.68	$1.84	$2.00	$2.16	$2.32	$2.48	$2.60	$2.64	$2.68	***$2.72***	***$2.93***
Shares[1]	52.5	52.5	52.7	52.9	53.1	53.6	54.2	55.6	56.8	60.2	***60.2***	***65.0***

Since its separation from ONEOK, ONE Gas has grown its profitability annually at a very consistent rate and without any notable disruptions. Due to the company's dominant market share in 2 of the 3 states it operates in, ONE Gas should continue to gradually grow its net income, powered by incremental population/customer growth and base rate increases as approved by regulators.

ONE Gas expects its average rate base and net income to grow between 7% and 9% through 2030. Growth CAPEX and the acquisition of smaller competitors remain central to this expansion. However, due to planned equity issuance to fund this growth, management expects EPS growth to land in the 5% to 7% range (recently upgraded from the previous 4% – 6% target). We have adjusted our estimates to a 6.0% growth rate. Regarding the dividend, growth has slowed as

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[1] Share count is in millions.

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the company prioritizes its $4.3 billion capital investment plan through 2030. To maintain a strong balance sheet, ONE Gas anticipates total net long-term financing needs of $1.3 billion, with roughly 30% of that expected to be funded by equity. Consequently, they target DPS growth between 1% and 2% through 2030. We have applied a 1.5% CAGR in our DPS growth estimates.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.0	21.9	22.6	24.6	20.3	18.7	19.4	17.6	17.2	17.6	***17.6***	***17.0***
Avg. Yld.	2.5%	2.5%	2.5%	2.3%	2.9%	3.2%	3.1%	3.6%	3.9%	3.5%	***3.2%***	***2.6%***

Since ONE Gas's separation from ONEOK, its shares have traded with a P/E ranging from 15 to 25 over the years. The valuation is currently near the lower end of this range, standing at 17.6 times ONE Gas' 2026 projected EPS. Our fair P/E now stands at 17x, suggesting that further valuation headwinds are possible. The company's stable operational history, great moat, and solid dividend deserve a premium, but not as high as the stock's previous multiples, given the current interest rates environment. We also expect the company's 3.2% yield to go down going forward, as shares might appreciate at a faster pace than dividend growth.

Safety, Quality, Competitive Advantage, & Recession Resiliency

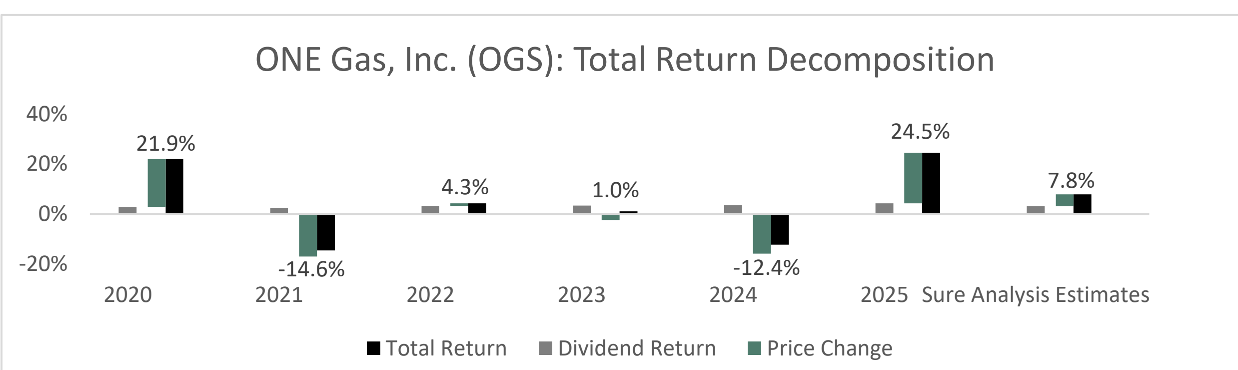
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	52%	54%	56%	57%	58%	60%	61%	63%	68%	61%	***56%***	***45%***

ONE Gas' dividend should be considered quite safe. The company has maintained the payout ratio within its 55%-65% target range, while its operating cash flows are resilient due to natural gas enjoying relatively predictable consumption, especially during the winter months. Being the dominant natural gas provider in Oklahoma and Kansas, the company possesses a significant competitive advantage. Due to the CAPEX-demanding nature of its operations, smaller competitors should pose no threat in these two states. In Texas, competition is harsher, though the company could have greater growth prospects due to the state's much more dynamic population growth. Overall, ONE Gas is a quality operator, proven by its consistently improving profitability and smooth detachment from ONEOK. We expect a relatively robust performance even under a potential recession due to natural being a necessity fuel both for residential consumption and in certain fields of transpiration.

Final Thoughts & Recommendation

ONE Gas has produced reliable returns for shareholders since its separation from ONEOK. Earnings are expected to be up this year as per management's guidance and should continue to sufficiently cover the underlying dividend**.** Our growth estimates and the current dividend yield, along with the possibility of a valuation headwind, imply annualized returns of just 7.8% through 2031. We rate the stock a hold, but praise its clear earnings and dividend growth visibility.

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.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,548	1,427	1,540	1,634	1,653	1,530	1,809	2,578	2,372	2,084
Gross Profit	427	488	526	507	536	562	584	647	729	775
Gross Margin	27.6%	34.2%	34.2%	31.1%	32.4%	36.7%	32.3%	25.1%	30.7%	37.9%
D&A Exp.	133	144	152	160	180	195	207	228	280	297
Operating Profit	239	289	317	288	295	304	310	350	378	399
Operating Margin	15.5%	20.2%	20.6%	17.7%	17.9%	19.8%	17.1%	13.6%	15.9%	19.1%
Net Profit	119	140	163	172	187	196	206	222	231	223
Net Margin	7.7%	9.8%	10.6%	10.5%	11.3%	12.8%	11.4%	8.6%	9.7%	10.7%
Free Cash Flow	114	(18)	(103)	73	(107)	(107)	(2031)	961	273	(335)
Income Tax	73	85	93	54	43	42	40	47	41	36

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,635	4,943	5,207	5,469	5,708	6,029	8,402	7,776	7,771	8,426
Cash & Equivalents	2	15	14	21	18	8	9	9.7	19	58
Accounts Receivable	216	291	299	295	250	293	342	554	348	408
Inventories	175	160	170	152	160	147	235	340	265	253
Goodwill & Int. Ass.	158	158	158	158	158	158	158	482	452	434
Total Liabilities	2,793	3,055	3,247	3,426	3,579	3,795	6,053	5,192	5,005	5,321
Accounts Payable	107	132	144	175	120	152	259	360	278	261
Long-Term Debt	1,204	1,337	1,550	1,585	1,803	2,001	4,177	2,925	3,049	3,329
Shareholder's Equity	1,842	1,888	1,960	2,043	2,129	2,233	2,350	2,584	2,766	3,105
LTD/E Ratio	0.65	0.71	0.79	0.78	0.85	0.90	1.78	1.13	1.10	1.07

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.6%	2.9%	3.2%	3.2%	3.3%	3.3%	2.9%	2.7%	3.0%	2.8%
Return on Equity	6.5%	7.5%	8.5%	8.6%	9.0%	9.0%	9.0%	9.0%	8.6%	7.6%
ROIC	3.9%	4.5%	4.8%	4.8%	4.9%	4.8%	3.8%	3.7%	4.0%	3.6%
Shares Out.	52.6	52.5	52.5	52.7	52.9	53.1	53.7	54.3	55.9	57.0
Revenue/Share	29.06	26.95	29.06	30.81	31.04	28.67	33.70	47.44	42.46	36.53
FCF/Share	2.13	(0.35)	(1.94)	1.38	(2.01)	(2.00)	(37.84)	17.69	4.89	(5.87)

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