American States Water Co. (AWR)

Updated March 25th, 2026, by Kody Kester

Key Metrics

Current Price:	$73	**5 Year CAGR Estimate:**	11.5%	**Market Cap:**	$2.9B
Fair Value Price:	$85	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	05/18/26[1]
% Fair Value:	86%	**5 Year Valuation Multiple Estimate:**	3.0%	**Dividend Payment Date:**	06/02/26[1]
Dividend Yield:	2.8%	**5 Year Price Target**	$114	**Years Of Dividend Growth:**	71
Dividend Risk Score:	A	**Sector:**	Utilities	**Rating:**	Buy

Overview & Current Events

American States Water Company (AWR) is a U.S. utility holding company that provides regulated water and electric services and contracted services to customers primarily in California and military bases around the United States. Through its principal subsidiary, Golden State Water Company, it delivers water service to residential, commercial, and industrial customers across numerous California communities. The company's electric subsidiary, Bear Valley Electric Service, supplies electricity to customers in the Big Bear area of Southern California, and its contracted services segment performs operations, maintenance, and construction management for water and wastewater systems under long-term government contracts. As a regulated utility, AWR's revenues are driven by rate decisions approved by public utility commissions, and it is known for possessing the longest dividend growth streak among publicly traded companies.

On Feb. 18th, 2026, AWR shared its earnings report for the fourth quarter ended Dec. 31st, 2025. The company's total operating revenue rose by 14.8% year-over-year to $164.3 million during the quarter. That was fueled by strength in its Water and Contracted Service (ASUS) segments in the quarter. The former's operating revenue surged 18.8% over the year-ago period to $110.1 million for the quarter. This was due to the implementation of new water rates authorized by the California Public Utilities Commission that went into effect in 2025. The latter's operating revenue soared 33.1% year-over-year to $38.2 million during the quarter. That was largely the result of several pending price adjustments with the U.S. government that were successfully resolved in the quarter, which allowed AWR to catch up on management fees that had been delayed. While the Electric segment's operating revenue dropped 26.5% over the year-ago period to $16 million for the quarter, this doesn't tell the full story. That's because the decrease in reported revenue was skewed by an artificially inflated Q4 2024, stemming from a $9.2 million retroactive rate adjustment. Backing that out, operating revenue would have grown at a nice rate during the quarter. AWR's adjusted diluted EPS vaulted 32.1% higher year-over-year to $0.74 in the quarter as well.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.62	$1.88	$1.72	$2.24	$2.33	$2.55	$2.11	$2.85	$3.17	$3.37	***$3.70***	***$4.95***
DPS	$0.91	$0.99	$1.06	$1.16	$1.28	$1.40	$1.53	$1.66	$1.79	$1.94	***$2.02***	***$2.97***
Shares[2]	36.6	36.7	36.8	36.9	36.9	36.9	37.0	37.0	38.2	39.1	***39.1***	***42.0***

Since 2016, AWR has compounded its adjusted diluted EPS by over 8% annually. In recent years, this has only slowed a bit to just below 8% annually. Moving forward, we think that the bigger adjusted diluted EPS base will limit annual adjusted diluted EPS growth to a still respectable clip of 6.0% annually through 2031, off an anticipated 2026 base of $3.70. This will mostly be fueled by $573.1 million in capital spending approved by CPUC for 2025 through 2027 for the Water segment (with a return on equity just above 10% authorized by CPUC, every dollar invested in infrastructure is a dime of predictable returns). Additionally, AWR is set to benefit from a higher value of task orders from PFAS remediation and smart meters at military bases in the years ahead.

[1] Estimated based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	28.1	30.8	38.8	38.6	34.1	40.6	43.8	28.3	24.1	21.4	***19.8***	***23.0***
Avg. Yld.	2.0%	1.7%	1.6%	1.3%	1.6%	1.4%	1.7%	2.1%	2.3%	2.7%	***2.8%***	***2.6%***

Over the last decade, AWR's P/E ratio has ranged from as low as the low-20s most recently to as high as the low-40s in 2022. Over that time, the average P/E ratio was nearly 33. Looking ahead, we expect the valuation multiple to contract by about three standard deviations to 23. This is because, while AWR's growth is mostly holding up, the days of the zero-interest-rate policy that supported sky-high valuations are likely gone for good. Even so, the current-year P/E ratio of 19.8 implies that the regulated utility is moderately undervalued right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	56%	53%	62%	52%	55%	55%	73%	58%	56%	58%	***55%***	***60%***

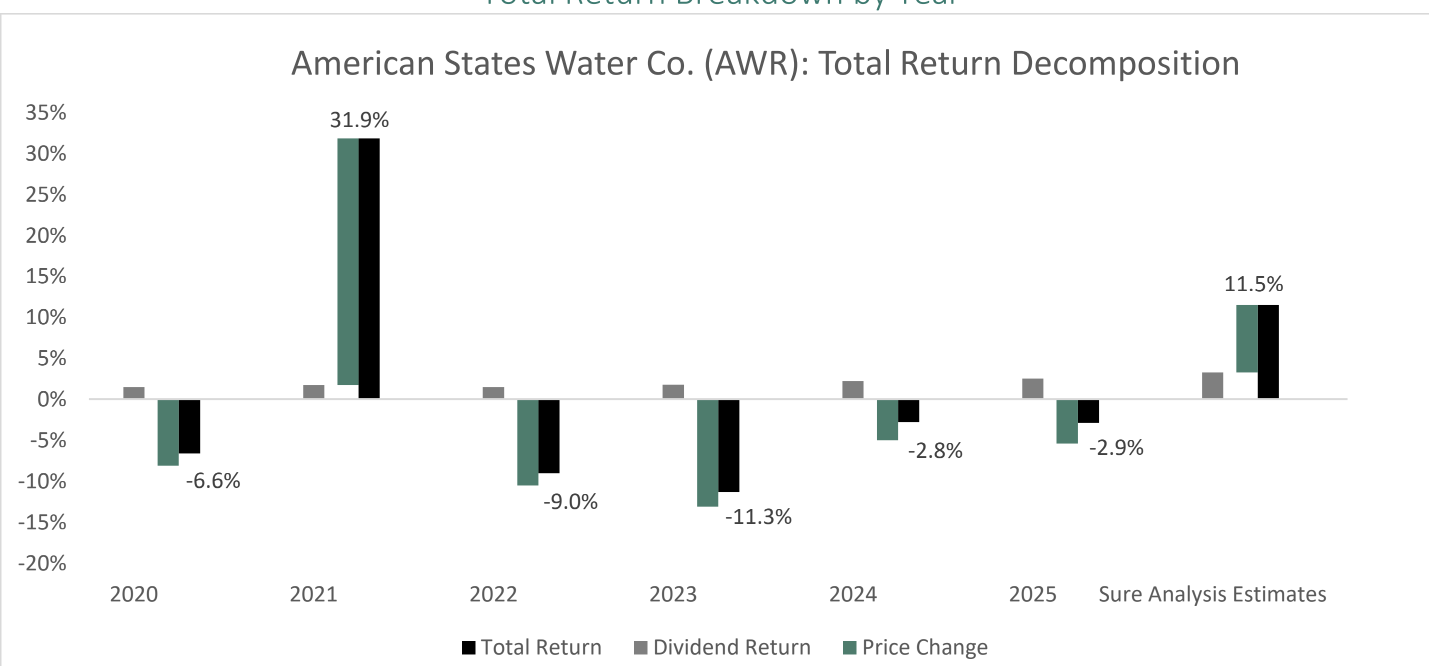
In terms of consistency, AWR's business model is highly consistent. It combines the predictability of a regulated utility with its electric and water businesses (virtual monopolies in their service territories in exchange for regulatory oversight) with the long-term contracts with the U.S. military. That has led adjusted diluted EPS to grow over time.

AWR is also a financially sound enterprise, with an interest coverage ratio of 4.3x in 2025. This is what warrants an A S&P credit rating with a stable outlook. What's more, AWR is almost certain to build on its legendary 71-year dividend growth streak in the coming years. That's because its adjusted diluted EPS payout ratio is expected to be in the mid-50% range for 2026. This puts it in a position where payout growth could even moderately exceed adjusted diluted EPS growth over the next several years.

Final Thoughts & Recommendation

AWR's 2.8% yield, 6.0% annual adjusted diluted EPS growth prospects, and 3.0% annual valuation multiple expansion potential could generate 11.5% annual total returns through 2031. As a result, we're issuing a Buy rating.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	436	441	437	474	488	499	492	596	595	658
Gross Profit	213	218	202	230	236	247	236	309	313	334
Gross Margin	48.7%	49.6%	46.2%	48.5%	48.4%	49.4%	47.9%	51.9%	52.5%	50.8%
SG&A Exp.	81	82	83	83	84	84	58	88	101	103
D&A Exp.	39	39	41	36	37	40	42	43	44	49
Operating Profit	115	119	101	127	131	141	127	197	184	203
Operating Margin	26.3%	27.0%	23.1%	26.8%	26.7%	28.2%	25.7%	33.0%	31.0%	30.9%
Net Profit	59	69	64	84	86	94	78	125	119	130
Net Margin	13.6%	15.7%	14.5%	17.7%	17.6%	18.9%	15.9%	20.9%	20.0%	19.8%
Free Cash Flow	(33)	31	10	(35)	(8)	(29)	(48)	(121)	(33)	(7)
Income Tax	35	39	18	25	28	30	24	42	30	39

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,470	1,417	1,501	1,641	1,792	1,901	2,034	2,246	2,500	2,715
Cash & Equivalents	0	0	7	1	37	5	6	14	27	19
Accounts Receivable	86	94	69	57	64	68	56	68	86	96
Inventories	4	5	6	6	9	12	15	18	15	16
Goodwill & Int. Ass.	1	1	1	1	1	1	1	1	-	-
Total Liabilities	976	887	943	1,040	1,150	1,215	1,325	1,470	1,580	1,670
Accounts Payable	44	51	60	56	64	66	85	69	89	86
Long-Term Debt	321	321	417	498	585	627	733	916	936	936
Shareholder's Equity	494	530	558	602	642	686	710	776	920	1,046
LTD/E Ratio	0.83	0.72	0.75	0.83	0.91	0.92	1.04	1.18	1.02	0.90

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.2%	4.8%	4.4%	5.3%	5.0%	5.1%	4.0%	5.8%	5.0%	5.0%
Return on Equity	12.4%	13.5%	11.7%	14.5%	13.9%	14.2%	11.2%	16.8%	14.0%	13.2%
ROIC	6.9%	7.6%	6.7%	8.1%	7.4%	7.4%	5.7%	7.9%	6.7%	6.8%
Shares Out.	36.6	36.7	36.8	36.9	36.9	36.9	37.0	37.0	38.2	39.1
Revenue/Share	11.87	11.96	11.83	12.82	13.20	13.48	13.27	16.07	15.84	17.02
FCF/Share	(0.90)	0.85	0.28	(0.95)	(0.22)	(0.78)	(1.31)	(3.26)	(0.88)	(0.18)

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