Middlesex Water Company (MSEX)

Updated May 7th, 2026, by Kody Kester

Key Metrics

Current Price:	$51	**5 Year CAGR Estimate:**	10.4%	**Market Cap:**	$958M
Fair Value Price:	$55	**5 Year Growth Estimate:**	6.5%	**Ex-Dividend Date:**	05/15/26
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.5%	**Dividend Payment Date:**	06/01/26
Dividend Yield:	2.8%	**5 Year Price Target**	$76	**Years Of Dividend Growth:**	53
Dividend Risk Score:	A	**Sector:**	Utility	**Rating:**	Buy

Overview & Current Events

Middlesex Water Company (MSEX) is a regulated water and wastewater utility that was formed in 1897. The company has paid a dividend since 1912 and has raised its dividend for 53 consecutive years, making it a Dividend King. As of December 31st, 2025, the company served approximately 131,000 customers across the following regulated utility systems:

- Middlesex System: This system provides water services to around 61,000 retail customers in eastern Middlesex County, New Jersey, as well as under wholesale contracts to the city of Rahway, the Townships of Marlboro and Edison, the Borough of Highland Park, and the Old Bridge Municipal Utilities Authority. This comprised 67% of its total operating revenue in 2025.
- Tidewater System: Along with its wholly-owned subsidiary, Southern Shores, this system provides water services to roughly 65,000 retail customers for residential, commercial, and fire protection purposes in more than 485 communities in New Castle, Kent, and Sussex Counties, Delaware. This made up another 25% of MSEX's total operating revenue in 2025.
- USA-PA, USA, Pineland Systems, and White Marsh: The remaining utility systems serve thousands of other customers throughout New Jersey and Delaware. Collectively, they contributed the remaining 8% of total operating revenue in 2025.

On April 30th, 2026, MSEX released its earnings report for the first quarter ended March 31st, 2026. The company's total operating revenue rose by 10% over the year-ago period to $48.71 million during the quarter. This was powered by a $14.5 million annual base rate increase for the Middlesex and Pinelands systems that was approved and went into effect in February, as well as higher demand from wholesale customers and increased overall water consumption. Along with higher revenue from the Tidewater system, this is what drove MSEX's overall topline growth in the quarter. The regulated utility's diluted EPS grew by 7.5% year-over-year to $0.57 for the quarter. That was in line with the analyst consensus during the quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.38	$1.38	$1.96	$2.01	$2.18	$2.07	$2.39	$1.76	$2.47	$2.36	***$2.52***	***$3.45***
DPS	$0.81	$0.86	$0.91	$0.98	$1.04	$1.11	$1.18	$1.26	$1.31	$1.38	***$1.44***	***$1.88***
Shares[1]	16.3	16.4	16.4	17.4	17.5	17.5	17.6	17.8	17.9	18.5	**18.6**	**20.0**

Since 2016, MSEX's diluted EPS has compounded by just over 6% annually. Looking ahead, we think that the water utility's diluted EPS can grow by 6.5% annually through 2031, off an anticipated 2026 base of $2.52. The company expects to invest $506 million from 2026 through 2028 to upgrade and replace infrastructure, as well as to make major environmental compliance enhancements. For more context, that's nearly double the $261 million in capital for 2023 through 2025. As MSEX recovers these costs, its diluted EPS should pick up significantly in 2027 and beyond.

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[1] 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	31.1	28.9	26.9	30.9	33.2	58.1	32.9	37.1	21.0	21.3	***20.4***	***22.0***
Avg. Yld.	1.9%	2.2%	1.7%	1.6%	1.4%	0.9%	1.5%	1.9%	2.5%	2.7%	***2.8%***	***2.5%***

Over the last decade, MSEX's P/E ratio has varied from as low as the low-20s in recent years to as high as the upper-50s in 2021. The 10-year average P/E ratio over that time was around 32. Moving forward, elevated 10-year U.S. Treasury yields are likely to materially weigh on the valuation multiple. This is why we think a reasonable fair value P/E ratio in the years ahead is around three standard deviations below the 10-year average, which would be around 22. Compared to the current-year P/E ratio of 20.4, shares are slightly undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	59%	62%	46%	49%	48%	54%	49%	72%	53%	58%	***57%***	***55%***

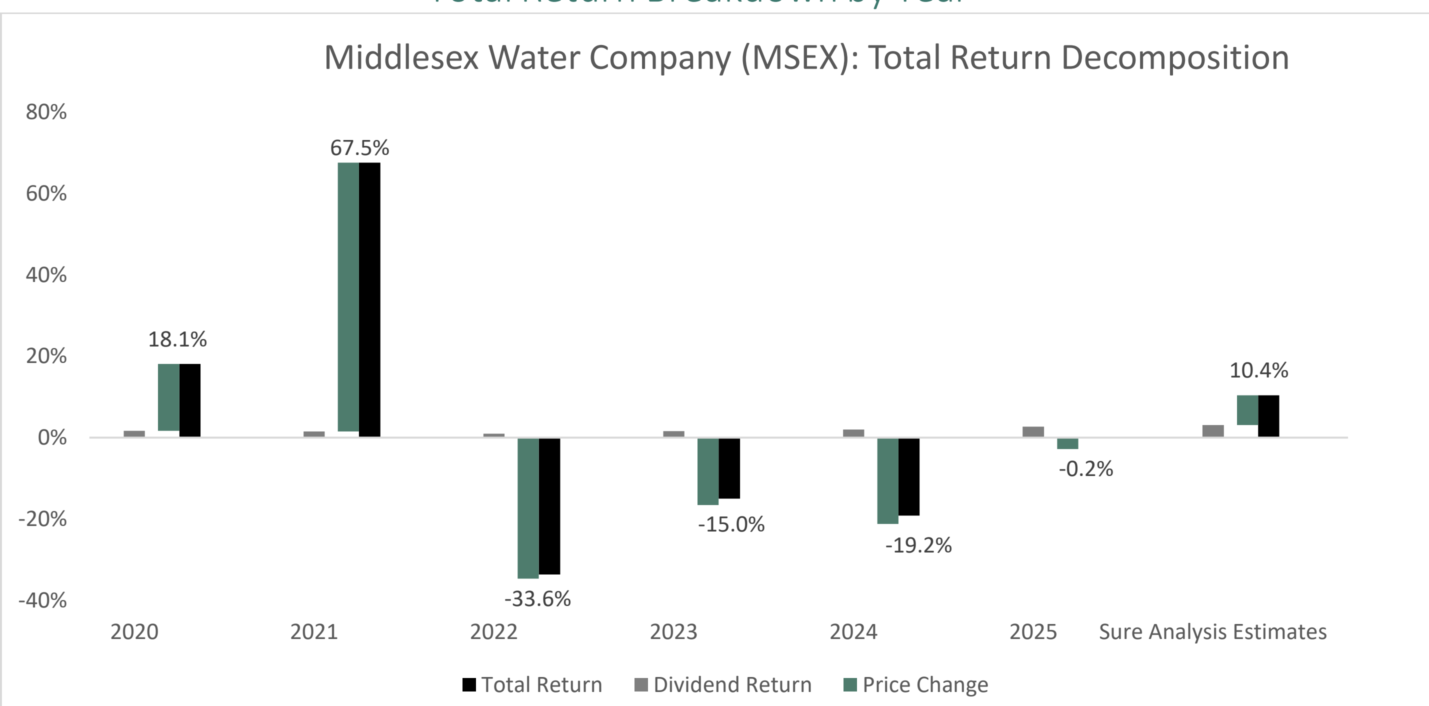
MSEX's monopoly-like nature has allowed it to generate consistent profits over the years. In exchange for these predictable profits, the company's pricing power is capped in that it's limited to whatever it can secure in rate cases from state regulators.

MSEX is financially stable, with an interest coverage ratio of 4.1x in Q1 2026. That justifies its A S&P credit rating with a stable outlook. The company's dividend is also safe, with the payout ratio set to be in the high-50% range in 2026. That's why we think MSEX is set up to build on its 53-year dividend growth streak with mid-single-digit percentage annual dividend growth.

Final Thoughts & Recommendation

MSEX's 2.8% dividend yield, 6.5% annual diluted EPS growth prospects, and 1.5% annual valuation multiple upside potential could generate 10.4% annual total returns through 2031. This is why we're maintaining our 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	133	131	138	135	142	143	162	166	192	195
D&A Exp.	14	15	16	17	21	27	27	29	28	32
Operating Profit	41	38	37	36	37	33	42	39	53	54
Operating Margin	30.6%	28.9%	26.9%	26.4%	26.4%	23.2%	25.9%	23.6%	27.7%	27.9%
Net Profit	23	23	32	34	38	37	42	32	44	43
Net Margin	17.1%	17.4%	23.5%	25.2%	27.1%	25.5%	26.1%	19.0%	23.1%	22.0%
Free Cash Flow	(0)	(7)	(26)	(53)	(52)	(46)	(30)	(37)	(16)	(34)
Income Tax	12	11	1	(3)	(4)	(5)	3	1	7	5

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	620	661	768	910	976	1,020	1,074	1,236	1,255	1,366
Cash & Equivalents	4	5	4	2	4	4	4	2	4	3
Accounts Receivable	17	18	19	19	22	23	25	27	30	29
Inventories	4	4	5	5	5	5	6	7	7	8
Total Liabilities	399	430	517	584	628	650	672	811	808	870
Accounts Payable	12	14	19	23	30	21	25	28	28	31
Long-Term Debt	141	146	160	244	286	318	311	369	363	389
Shareholder's Equity	218	229	249	324	346	368	400	423	445	494
LTD/E Ratio	0.69	0.75	0.83	0.81	0.83	0.90	0.91	0.97	0.87	0.84

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.8%	3.6%	4.5%	4.0%	4.1%	3.7%	4.1%	2.7%	3.6%	3.3%
Return on Equity	10.6%	10.1%	13.4%	11.7%	11.4%	10.2%	11.0%	7.6%	10.2%	9.1%
ROIC	6.3%	5.9%	7.5%	6.5%	6.3%	5.5%	5.8%	3.9%	5.3%	4.9%
Shares Out.	16.3	16.4	16.4	17.4	17.5	17.5	17.6	17.8	17.9	18.5
Revenue/Share	8.09	7.93	8.35	8.00	8.06	8.13	9.17	9.32	10.69	10.73
FCF/Share	(0.02)	(0.45)	(1.59)	(3.15)	(2.97)	(2.63)	(1.69)	(2.10)	(0.89)	(1.86)

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