



National Fuel Gas Co. (NFG)

Updated May 7th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$82	5 Year CAGR Estimate:	10.0%	Market Cap:	\$7.8 B
Fair Value Price:	\$94	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	6/29/2026 ¹
% Fair Value:	87%	5 Year Valuation Multiple Estimate:	2.8%	Dividend Payment Date:	7/14/2026 ¹
Dividend Yield:	2.6%	5 Year Price Target	\$120	Years Of Dividend Growth:	55
Dividend Risk Score:	A	Sector:	Energy	Rating:	Hold

Overview & Current Events

National Fuel Gas Co. is a diversified energy company that operates in four business segments: Upstream & Gathering, Pipeline & Storage, Utility, and Energy Marketing. The largest segment of the company is Exploration & Production. National Fuel Gas was founded in 1902 and has grown to a market capitalization of \$7.8 billion. With 55 years of consecutive dividend increases, National Fuel Gas qualifies to be a Dividend King.

In late April, National Fuel Gas reported (4/29/26) financial results for the second quarter of fiscal 2026. Production decreased -3% over the prior year's quarter due to weather-related delays in well completion. However, the average realized price of natural gas grew 17%, from \$2.94 to \$3.45. As a result, earnings-per-share grew 13%, from \$2.39 to \$2.71, though they missed the analysts' consensus by \$0.13. The company has beaten the analysts' estimates in 23 of the last 28 quarters.

Due to lower-than-expected gas prices, National Fuel Gas lowered its guidance for earnings-per-share in fiscal 2026, from \$7.60-\$8.10 to \$7.45-\$7.75. Accordingly, we have lowered our forecast from \$7.90 to \$7.60. If the new forecast proves correct, it will mark 10% growth of earnings-per-share over the previous year. On the other hand, the material revision of the guidance of management in most of the last nine quarters is a reminder of the high sensitivity of National Fuel Gas to the swings of the price of natural gas. That's why this is not a buy-and-hold-forever stock.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-\$3.43	\$3.30	\$3.34	\$3.45	\$2.92	\$4.29	\$5.88	\$5.17	\$5.01	\$6.91	\$7.60	\$9.70
DPS	\$1.60	\$1.64	\$1.68	\$1.72	\$1.76	\$1.80	\$1.86	\$1.94	\$2.02	\$2.10	\$2.14	\$2.42
Shares²	85.1	85.5	86.0	86.8	91.0	91.9	92.2	92.4	91.3	91.2	91.2	95.0

National Fuel Gas pursues growth by growing its natural gas production and expanding its pipeline network. It has grown its earnings-per-share at a 9.7% average annual rate over the last eight years. Moreover, the company grew its proved reserves 8% in 2022, 9% in 2023 and 5% in 2024. This certainly bodes well for future growth prospects.

On the other hand, due to the high cyclicity of the price of natural gas, we need a margin of safety. Management has provided guidance for earnings-per-share of \$7.45-\$7.75 in fiscal 2026. We expect earnings-per-share to grow by 5.0% per year on average over the next five years in order to have a margin of safety. Gas prices may find support from the Ukrainian crisis and strong electricity demand from data centers in the short run but numerous countries are investing in renewable energy projects at full throttle to reduce their dependence on natural gas right now. As a result, we do not expect gas prices to return to their multi-year highs, which were reached in 2022, in the upcoming years. Essentially 100% of the output of National Fuel Gas is natural gas. Therefore, as the Upstream & Gathering segment generates nearly all the profits of the company, the latter greatly depend on the price of natural gas. As a result, there is always great uncertainty in the long-term forecasts of the earnings of this company.

¹ Estimated date.

² 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.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	17.2	12.8	15.6	14.6	11.1	11.1	11.0	10.7	10.9	10.8	12.4
Avg. Yld.	2.5%	3.1%	2.9%	3.2%	4.1%	3.8%	2.8%	3.4%	3.8%	2.8%	2.6%	2.0%

National Fuel Gas is trading at a price-to-earnings ratio of 10.8, which is lower than the historical 7-year average of 12.4 of the stock. If the stock trades at its average valuation level in five years, it will enjoy a 2.8% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	49.7%	50.3%	50.0%	60.3%	42.0%	31.6%	37.5%	40.3%	30.4%	28.2%	25.0%

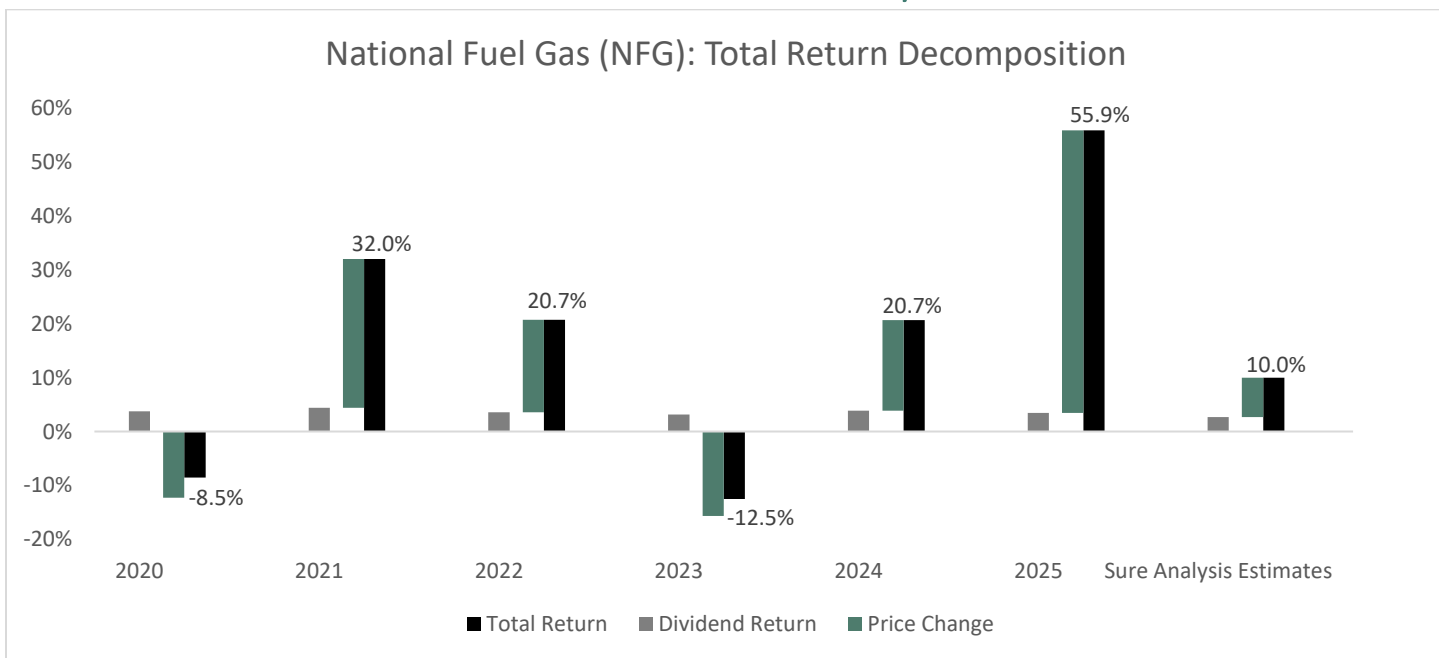
National Fuel Gas has a healthy balance sheet while its interest coverage level stands at a strong 7.1. Moreover, its dividend payout ratio is sufficiently low to enable continued dividend growth even if earnings stall temporarily. Management has always targeted a dividend payout ratio around or below 50% in order to have a wide margin of safety against the wide fluctuations of the price of natural gas. As the 2.6% dividend yield of National Fuel Gas is more than double the yield of the S&P 500 (1.0%), the stock may entice income-oriented investors. However, these investors should be aware of the company's high dependence on the price of natural gas.

Qualitatively, National Fuel Gas' competitive advantage is its combination of regulated and stable businesses (like pipelines and utilities) with cyclical and potentially higher-growth sectors (like exploration & production). This allows the company to endure difficult operating environments and downturns, such as the coronavirus crisis, with less difficulty than its peers who may focus exclusively on the more cyclical areas of the energy sector.

Final Thoughts & Recommendation

National Fuel Gas has sustained production growth, a promising outlook and a reasonable valuation. It could offer a 10.0% average annual return over the next five years thanks to 5.0% growth of earnings-per-share, a 2.6% dividend and a 2.8% valuation tailwind. The stock maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,452	1,580	1,593	1,693	1,546	1,743	2,186	2,174	1,945	2,232
Gross Profit	1,055	1,080	1,014	1,031	568	760	903	848	818	1,004
Gross Margin	72.6%	68.4%	63.7%	60.9%	36.7%	43.6%	41.3%	39.0%	42.0%	45.0%
Operating Profit	532	594	520	512	479	665	802	755	729	909
Operating Margin	36.6%	37.6%	32.6%	30.2%	31.0%	38.2%	36.7%	34.7%	37.5%	40.7%
Net Profit	(291)	283	392	304	(124)	364	566	477	78	519
Net Margin	-20.0%	17.9%	24.6%	18.0%	-8.0%	20.9%	25.9%	21.9%	4.0%	23.2%
Free Cash Flow	7	234	31	(94)	(482)	40	1	227	135	187
Income Tax	(233)	161	(7)	85	19	115	117	165	10	176

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,636	6,103	6,036	6,462	6,965	7,465	7,896	8,280	8,320	8,823
Cash & Equivalents	130	556	230	20	21	32	46	55	38	43
Accounts Receivable	133	112	141	140	144	205	362	161	127	197
Inventories	71	74	78	80	85	120	172	81	83	90
Goodwill & Int. Ass.	5	5	5	5	5	5	5	5	5	5
Total Liabilities	4,109	4,400	4,099	4,323	4,993	5,679	5,816	5,317	5,471	5,728
Accounts Payable	108	126	160	132	134	172	179	152	165	185
Long-Term Debt	2,086	2,384	2,131	2,189	2,660	2,787	2,692	2,672	2,779	2,713
Shareholder's Equity	1,527	1,704	1,937	2,139	1,972	1,786	2,080	2,963	2,848	3,095
D/E Ratio	1.37	1.40	1.10	1.02	1.35	1.56	1.29	0.90	0.98	0.93

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-4.8%	4.8%	6.5%	4.9%	-1.8%	5.0%	7.4%	5.9%	0.9%	6.0%
Return on Equity	-16.4%	17.5%	21.5%	14.9%	-6.0%	19.4%	29.3%	18.9%	2.7%	17.4%
ROIC	-7.5%	7.4%	9.6%	7.2%	-2.8%	7.9%	12.1%	9.2%	1.4%	8.9%
Shares Out.	85.1	85.5	86.0	86.8	91.0	91.9	92.1	92.3	92.34	91.23
Revenue/Share	17.12	18.37	18.43	19.51	17.58	19.01	23.73	23.55	21.06	24.46
FCF/Share	0.09	2.72	0.36	(1.09)	(5.47)	0.43	0.01	2.46	1.46	2.05

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

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