Sempra (SRE)

Updated August 21st, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$87	**5 Year CAGR Estimate:**	11.0%	**Market Cap:**	$56 B
Fair Value Price:	$93	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date[1]:**	9/30/2026
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.4%	**Dividend Payment Date:**	10/14/2026
Dividend Yield:	3.0%	**5 Year Price Target**	$131	**Years Of Dividend Growth:**	16
Dividend Risk Score:	C	**Sector:** Utilities		**Rating:**	Hold

Overview & Current Events

Sempra (SRE) was founded in 1996 and has grown into a $56 billion market cap company. It serves one of the largest utility customer bases in the U.S., as it distributes natural gas and electricity in Southern California (over 20 million customers) and owns a majority stake in Texas-based Oncor, a transmission and distribution business (over 10 million customers). The company also owns and operates other utilities and merchant renewable energy projects, liquefied natural gas facilities, and gas pipes and storage in the U.S. and Latin America. On August 22nd, 2023, the stock performed a two-for-one stock split. All figures in this report have been adjusted for this split.

Sempra benefits from two key trends, namely the transition towards cleaner energy resources and the advance of the U.S. as a global energy leader. In 2018, the company sold most of its non-core assets in order to better focus on its large core North American regulated utility, LNG export, and Mexican infrastructure (IEnova) assets as well as deleverage the balance sheet. Given the strong competitive advantages enjoyed by these core assets, we believe that these moves have made Sempra more attractive.

In early August, Sempra reported (8/6/26) results for the second quarter of 2026. Earnings-per-share grew 30% thanks to rate hikes, from $0.89 to $1.16, beating the analysts' estimates by $0.10. Sempra has beaten the analysts' estimates in 18 of the last 23 quarters. It confirmed its positive guidance thanks to a promising 5-year capital plan of $65 billion. It expects earnings-per-share of $4.80-$5.30 in 2026 and $5.10-$5.70 in 2027. At the mid-point, the guidance for this year implies 8% growth of earnings-per-share. We still expect earnings-per-share of approximately $5.10 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.73	$2.71	$2.79	$3.39	$4.02	$4.22	$4.61	$4.61	$4.65	$4.69	***$5.10***	***$7.15***
DPS	$1.51	$1.65	$1.79	$1.94	$2.09	$2.20	$2.29	$2.38	$2.48	$2.58	***$2.63***	***$3.52***
Shares[2]	502	504	540	578	580	639	632	634	641	655	***656***	***700***

Sempra's enormous economies of scale and regulated monopolies in California and Texas should enable it to capitalize on any economic growth in those regions to drive long term growth. Sempra has a record 5-year capital plan of $65 billion, which will be a major growth driver in the upcoming years. Additionally, Sempra's assets in Mexico enjoy a first mover advantage, which should enable them to grow rapidly as Mexico begins to invest more seriously in its massively underdeveloped infrastructure. The LNG export portfolio should also see strong demand in the long run, as the U.S. continues its transition into a global energy exporting giant. The U.S. is expected to more than double its LNG export capacity in 2025-2030. As a result, management has several expansion projects, which should contribute significantly to the company's cash flows. Overall, Sempra has provided guidance for 7%-9% annual growth of earnings-per-share over the long run. In order to be on the safe side, we have assumed 7% average annual growth until 2031. This is slightly higher than the 6.2% average growth rate over the last decade but it is reasonable given the guidance of management.

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[1] Estimated date.

[2] In millions.

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Moreover, the ability of management to issue such long-term guidance is a testament to the reliability of the business model of the company.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.5	19.8	19.4	19.8	16.1	15.4	16.9	16.0	16.8	17.3	***17.1***	***18.3***
Avg. Yld.	3.0%	3.1%	3.3%	2.9%	3.2%	3.4%	2.9%	3.2%	3.2%	3.2%	***3.0%***	***2.7%***

Sempra is currently trading at a price-to-earnings ratio of 17.1, which is lower than its 10-year average of 18.3. We expect the stock to trade close to its average valuation level in five years. If this occurs, the stock will enjoy a 1.4% annualized expansion of its price-to-earnings ratio.

Safety, Quality, Competitive Advantage, & Recession Resiliency

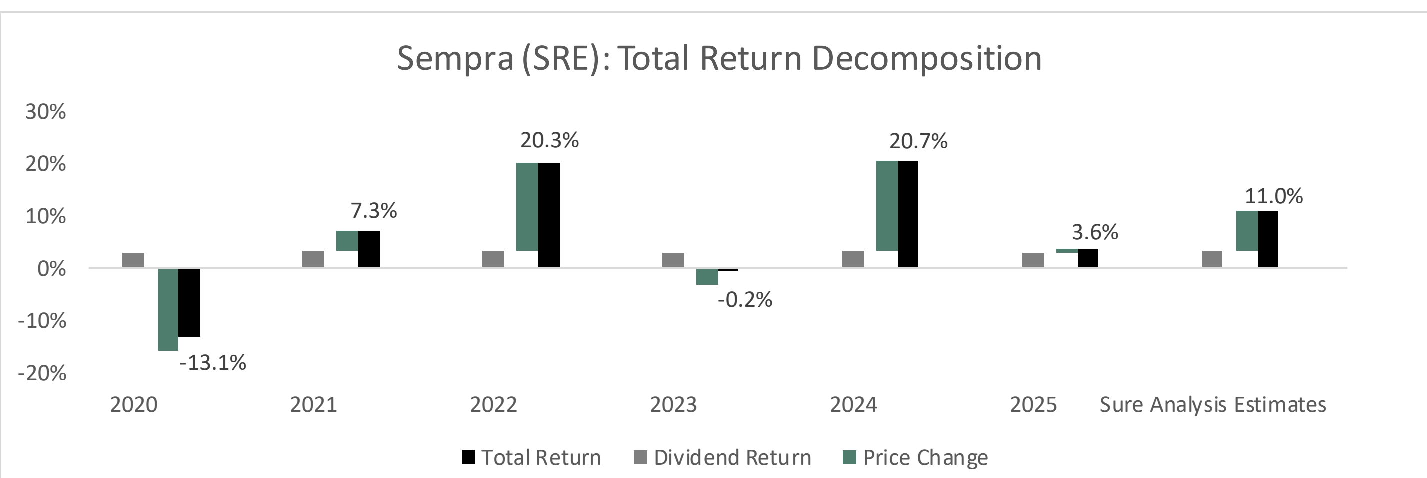
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	55.3%	60.7%	64.3%	57.1%	52.1%	52.2%	49.7%	51.6%	53.3%	55.0%	***51.6%***	***49.2%***

As a regulated utility in possession of dominant businesses in their respective regions, Sempra possesses a clear moat around a significant portion of its earnings. At the same time, however, the regulated nature of its pricing prevents it from earning surplus profits. These businesses, as well as the stable, mission-critical nature of its infrastructure business in Mexico make it quite recession resistant. As proof of this, Sempra's earnings-per-share increased during the Great Recession (2008 and 2009) and throughout the coronavirus crisis as well. However, its LNG export business and international exposure make it somewhat susceptible to commodity price, geopolitical, and currency exchange risks. Nevertheless, its high-quality assets, low payout ratio, stable cash flows and strong growth prospects make it a fairly low-risk investment. Moreover, while the company has a somewhat weak balance sheet, it has improved its interest coverage ratio to 2.5 thanks to the sale of non-core assets.

Final Thoughts & Recommendation

Sempra owns quality assets, many of which are in recession-resistant businesses. Its utility businesses are dominant players in their fields and its LNG export and infrastructure businesses have strong growth potential. Combined, they create a business that has both stable and defensive characteristics. Sempra has a highly promising 5-year growth plan. The stock can offer an 11.0% average annual return over the next five years thanks to 7.0% growth, its 3.0% dividend and a 1.4% valuation tailwind. It receives a 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	10183	11207	11687	10829	11370	12857	14439	16,720	13,185	13,712
Gross Profit	3353	4277	4414	4692	5042	5301	5211	6,619	6,092	3,997
Gross Margin	32.9%	38.2%	37.8%	43.3%	44.3%	41.2%	36.1%	39.6%	46.2%	29.1%
D&A Exp.	1312	1490	1549	1569	1,666	1,855	2,019	2,227	2,437	2,563
Operating Profit	1731	2519	2491	2627	2,833	2,850	2,557	3,715	2,962	3,253
Operating Margin	17.0%	22.5%	21.3%	24.3%	24.9%	22.2%	17.7%	22.2%	22.5%	23.7%
Net Profit	1371	257	1050	2198	3,933	1,318	2,139	3,075	2,862	2,072
Net Margin	13.5%	2.3%	9.0%	20.3%	34.6%	10.3%	14.8%	18.4%	21.7%	15.1%
Free Cash Flow	-1903	-324	-337	-620	-2,085	-1,173	-4,215	-2,179	-3,308	-6,047
Income Tax	389	1276	96	315	249	99	556	490	219	701

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	47786	50454	60638	65665	66,623	72,045	78,574	87,181	96,155	110,878
Cash & Equivalents	349	288	190	108	960	559	370	236	1,565	31
Acc. Receivable	1390	1307	1488	1261	1,578	2,469	3,320	2,151	1,983	1,767
Inventories	258	307	296	277	308	389	403	482	559	561
Goodwill & Int.	2912	2993	2645	1815	1,804	1,972	1,946	1,920	1,894	---
Total Liabilities	32545	35314	41390	43860	41,689	44,626	49,318	53,527	58,367	68,879
Accounts Payable	1346	1350	1324	1234	1,359	1,849	2,269	2,211	2,238	1,461
Long-Term Debt	17121	19412	25363	25816	24,206	24,645	28,919	31,076	35,848	32,031
Total Equity	12971	12690	14900	17691	20,246	26,001	26,226	27,786	30,333	31,594
LTD/E Ratio	1.32	1.53	1.48	1.29	1.03	0.95	1.07	1.08	1.15	1.15

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.1%	0.5%	1.9%	3.5%	5.9%	1.9%	2.8%	3.7%	3.1%	2.0%
Return on Equity	11.1%	2.0%	7.6%	13.5%	20.7%	5.7%	7.5%	9.8%	8.0%	5.2%
ROIC	4.6%	0.8%	2.7%	4.8%	8.1%	2.6%	3.9%	5.0%	4.1%	2.7%
Shares Out.	251	252	270	289	290	320	633	633	638	654
Revenue/Share	40.54	44.42	43.31	38.40	38.90	41.07	22.82	26.43	20.67	20.97
FCF/Share	-7.58	-1.28	-1.25	-2.20	-7.13	-3.75	-6.66	-3.44	-5.19	-9.25

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