BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to over three million customers through six regulated natural gas utilities: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Gas sales breakdown for fiscal 2021: 10.3%, storage; 44.7%, distribution; 23.1%, transmission and sale; 10.7%, retail marketing; 1.8%, facility management; 2.3%, processing.

Atmos Energy had a decent showing in the first half of fiscal 2022 (which ended last March 31st). Share net rose 5.5%, to $4.23, compared to $4.01 for the same period in fiscal 2021. That was brought about partly by the distribution unit, helped by favorable rate case outcomes and an expanded customer base. A substantially diminished effective income tax rate also benefited the company. But the performance of the pipeline and storage division was brought about partly by the distribution unit, helped by favorable rate case outcomes and an expanded customer base. A substantially diminished effective income tax rate also benefited the company. But the performance of the pipeline and storage division was brought about partly by the distribution unit, helped by favorable rate case outcomes and an expanded customer base.

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Prospects out to 2025-2027 appear encouraging. The company ranks as one of the nation’s largest natural gas-only distributors with more than 3 million customers across several states, including Texas, Louisiana, and Mississippi. Moreover, we think the pipeline and storage expansion has promising overall growth opportunities, given that it operates in one of the most-active drilling regions in the world. The healthy balance sheet is another positive.

That said, these top-quality shares hold unimpressive long-term total return potential. Capital appreciation possibilities aren’t exciting. Also, the dividend yield is below the average of Value Line’s Natural Gas Utility group.

Fiscal year ends Sept. 30th. (A) Diluted share excl. non-reoc. gains (loss). (B) Dividends paid during fiscal year. (C) Direct stock purchase plan. (D) Dividends paid/stock. © 2022 Value Line. All rights reserved. Material obtained is from sources believed to be reliable and is provided without warranties of any kind. The publisher is not responsible for any errors or omissions herein. This publication is strictly for subscriber’s own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.