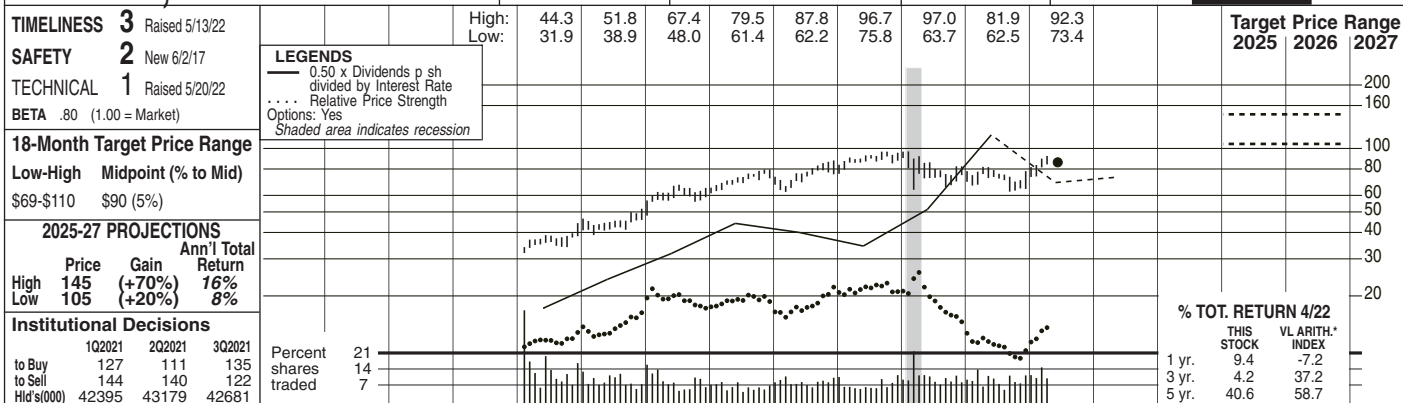


ONE GAS, INC. NYSE-OGS

RECENT PRICE **85.96** P/E RATIO **21.2** (Trailing: 22.1 Median: NMF) RELATIVE P/E RATIO **1.31** DIV'D YLD **3.0%** VALUE LINE



The shares of ONE Gas, Inc. began trading "regular-way" on the New York Stock Exchange on February 3, 2014. That happened as a result of the separation of ONEOK's natural gas distribution operation. Regarding the details of the spinoff, on January 31, 2014, ONEOK distributed one share of OGS common stock for every four shares of ONEOK common stock held by ONEOK shareholders of record as of the close of business on January 21. It should be mentioned that ONEOK did not retain any ownership interest in the new company.

CAPITAL STRUCTURE as of 3/31/22
 Total Debt \$4188.8 mill. Due in 5 Yrs \$2900.0 mill.
 LT Debt \$2283.6 mill. LT Interest \$140.0 mill.
 (LT interest earned: 5.1x; total interest coverage: 5.1x)
Leases, Uncapitalized Annual rentals \$7.5 mill.
Pfd Stock None
Pension Assets-12/21 \$1245.2 mill.
 Oblig. \$1272.8 mill.
Common Stock 54,089,905 shs.
 as of 4/25/22
MARKET CAP: \$4.6 billion (Mid Cap)

CURRENT POSITION

	2020	2021	3/31/22 (\$MILL.)
Cash Assets	8.0	8.9	12.4
Other	531.9	2215.7	2262.1
Current Assets	539.9	2224.6	2274.5
Accts Payable	152.3	258.6	209.8
Debt Due	418.2	494.0	1905.2
Other	226.6	227.9	253.8
Current Liab.	797.1	980.5	2368.8
Fix. Chg. Cov.	587%	625%	632%

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '19-'21 to '25-'27
Revenues	--	5%	10.5%
"Cash Flow"	--	8.5%	6.5%
Earnings	--	9.5%	6.5%
Dividends	--	13.5%	6.5%
Book Value	--	3.5%	9.5%

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	661.0	290.6	248.6	452.5	1652.7
2020	528.2	273.3	244.6	484.2	1530.3
2021	625.3	315.6	273.9	593.8	1808.6
2022	971.5	400	323.5	615	2310
2023	1009	450	346	645	2450

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	1.76	.46	.33	.96	3.51
2020	1.72	.48	.39	1.09	3.68
2021	1.79	.56	.38	1.12	3.85
2022	1.83	.62	.45	1.15	4.05
2023	1.90	.67	.50	1.18	4.25

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.46	.46	.46	.46	1.84
2019	.50	.50	.50	.50	2.00
2020	.54	.54	.54	.54	2.16
2021	.58	.58	.58	.58	2.32
2022	.62	.62			

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
Revenues per sh	--	--	34.92	29.62	27.30	29.43	31.08	31.32	28.78	33.72	42.80	45.35	Revenues per sh	57.45
"Cash Flow" per sh	--	--	4.52	4.82	5.43	5.96	6.32	6.96	7.36	7.71	8.25	8.70	"Cash Flow" per sh	10.55
Earnings per sh A	--	--	2.07	2.24	2.65	3.02	3.25	3.51	3.68	3.85	4.05	4.25	Earnings per sh A	5.30
Div's Decl'd per sh B	--	--	.84	1.20	1.40	1.68	1.84	2.00	2.16	2.32	2.48	2.64	Div's Decl'd per sh B	3.12
Cap'l Spending per sh	--	--	5.70	5.63	5.91	6.81	7.50	7.91	8.87	9.23	9.40	9.55	Cap'l Spending per sh	9.85
Book Value per sh	--	--	34.45	35.24	36.12	37.47	38.86	40.35	42.01	43.81	59.70	60.65	Book Value per sh	71.60
Common Shs Outst'g C	--	--	52.08	52.26	52.28	52.31	52.57	52.77	53.17	53.63	54.00	54.00	Common Shs Outst'g C	57.00
Avg Ann'l P/E Ratio	--	--	17.8	19.8	22.7	23.5	23.1	25.3	21.7	18.9	18.0	18.5	Avg Ann'l P/E Ratio	23.5
Relative P/E Ratio	--	--	.94	1.00	1.19	1.18	1.25	1.35	1.11	1.03	1.31	1.30	Relative P/E Ratio	1.30
Avg Ann'l Div'd Yield	--	--	2.3%	2.7%	2.3%	2.4%	2.5%	2.3%	2.7%	3.2%	2.7%	2.5%	Avg Ann'l Div'd Yield	2.5%
Revenues (\$mill)	--	--	1818.9	1547.7	1427.2	1539.6	1633.7	1652.7	1530.3	1808.6	2310	2450	Revenues (\$mill)	3275
Net Profit (\$mill)	--	--	109.8	119.0	140.1	159.9	172.2	186.7	196.4	206.4	218	230	Net Profit (\$mill)	300
Income Tax Rate	--	--	38.4%	38.0%	37.8%	36.4%	23.7%	18.7%	17.5%	16.3%	18.0%	18.5%	Income Tax Rate	22.0%
Net Profit Margin	--	--	6.0%	7.7%	9.8%	10.4%	10.5%	11.3%	12.8%	11.4%	9.4%	9.4%	Net Profit Margin	9.2%
Long-Term Debt Ratio	--	--	40.1%	39.5%	38.7%	37.8%	38.6%	37.7%	41.5%	61.0%	48.0%	49.0%	Long-Term Debt Ratio	52.0%
Common Equity Ratio	--	--	59.9%	60.5%	61.3%	62.2%	61.4%	62.3%	58.5%	39.0%	52.0%	51.0%	Common Equity Ratio	48.0%
Total Capital (\$mill)	--	--	2995.3	3042.9	3080.7	3153.5	3328.1	3415.5	3815.7	6032.9	6200	6420	Total Capital (\$mill)	8500
Net Plant (\$mill)	--	--	3293.7	3511.9	3731.6	4007.6	4283.7	4565.2	4867.1	5190.8	5500	5800	Net Plant (\$mill)	6750
Return on Total Cap'l	--	--	4.4%	4.7%	5.2%	5.8%	5.9%	6.4%	6.0%	3.9%	5.0%	5.0%	Return on Total Cap'l	5.0%
Return on Shr. Equity	--	--	6.1%	6.5%	7.4%	8.2%	8.4%	8.8%	8.8%	8.8%	7.0%	7.0%	Return on Shr. Equity	7.5%
Return on Com Equity	--	--	6.1%	6.5%	7.4%	8.2%	8.4%	8.8%	8.8%	8.8%	7.0%	7.0%	Return on Com Equity	7.5%
Retained to Com Eq	--	--	3.7%	3.1%	3.5%	3.7%	3.7%	3.8%	3.7%	3.5%	2.5%	2.5%	Retained to Com Eq	3.0%
All Div's to Net Prof	--	--	40%	53%	52%	55%	56%	56%	58%	60%	61%	62%	All Div's to Net Prof	59%

BUSINESS: ONE Gas, Inc. provides natural gas distribution services to more than two million customers. There are three divisions: Oklahoma Natural Gas, Kansas Gas Service, and Texas Gas Service. The company purchased 164 Bcf of natural gas supply in 2021, compared to 153 Bcf in 2020. Total volumes delivered by customer (fiscal 2021): transportation, 59.3%; residential, 30.4%; commercial

ONE Gas' first-quarter 2022 results showed some improvement. Share net of \$1.83 was several pennies higher than last year's \$1.79 figure. That stemmed partially from benefits from new rates. Also, there was a rise in residential sales due to net customer growth. Bad-debt expense decreased, too. So, assuming that the business climate continues to be generally favorable over the course of the year, we believe that 2022 share net will increase around 5%, to \$4.05, compared to the 2021 tally of \$3.85. Regarding next year, the company's bottom line might advance at a similar percentage rate, to \$4.25 a share, as operating margins expand further.

Prospects over the 2025-2027 period appear promising. ONE Gas remains the top natural gas distributor (as measured by customer count) in both Oklahoma and Kansas, and holds the number-three position in Texas. Moreover, we think these markets have decent growth possibilities and are located in one of the most active drilling regions in the United States. Too, thanks to healthy finances, the company should continue to

& industrial, 9.7%; other, .6%. ONE Gas has around 3,600 employees. BlackRock owns 12.2% of common stock; The Vanguard Group, 10.9%; American Century Investment, 8.0%; officers and directors, 1.5% (4/22 Proxy). CEO: Robert S. McAnnally. Incorporated: Oklahoma. Address: 15 East Fifth Street, Tulsa, Oklahoma 74103. Tel.: 918-947-7000. Internet: www.onegas.com.

satisfy its working capital requirements, capital expenditures, and other commitments with little difficulty. **There are risks to bear in mind, though.** ONE Gas' lack of geographic diversification leaves it somewhat more vulnerable to regional economic downturns and regulations. Also, there's competition from other energy suppliers, which include electric companies and propane dealers. Lastly, pipeline ruptures, leaks, and other unfortunate occurrences can take a big bite out of corporate profits if not adequately covered by insurance.

The good-quality stock has climbed roughly 15% in value since our last full-page report in February. It seems that can be traced, to some extent, to expectations of decent earnings for the energy provider in 2022. But the price action has dampened 3- to 5-year capital appreciation potential. Too, the dividend yield does not stand out from the average yield in *Value Line's* Natural Gas Utility group. Lastly, these shares are ranked to just approximate the market over the coming six to 12 months.

Frederick L. Harris, III May 27, 2022

(A) Diluted EPS. Excludes nonrecurring gain: 2017, \$0.06. Next earnings report due early Aug.
 (B) Dividends historically paid in early March.

June, Sept., and Dec. ■ Dividend reinvestment plan. Direct stock purchase plan.
 (C) In millions.

Company's Financial Strength		B++
Stock's Price Stability		95
Price Growth Persistence		60
Earnings Predictability		100

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