**NEW JERSEY RES., NYSE-NJR**

**TIMELINESS**

- 4: lowest 4/20
- 2: lowest 4/7/20
- 3: Raised 6/19/20

**SAFETY**

- Beta: 0.50 (1.00 = Market)

**Fiscal Year End**

- 2021: Mar. 31
- 2020: Mar. 31
- 2019: Mar. 31

**18-Month Target Price Range**

- High: 32.48
- Low: 15.2
- Relative Price Strength: 0.69
- Dividend Yield: 3.8%

**2023-25 PROJECTIONS**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue ($mill)</th>
<th>Earnings per sh</th>
<th>EPS Growth</th>
<th>Price/ Earnings</th>
<th>Return on Com Equity</th>
<th>Return on Shr. Equity</th>
<th>Return on Total Cap'l</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>2599.6</td>
<td>3088.9</td>
<td>3600</td>
<td>3005</td>
<td>3508</td>
<td>3900</td>
<td>4580</td>
</tr>
<tr>
<td>2024</td>
<td>2601.0</td>
<td>3088.9</td>
<td>3600</td>
<td>3005</td>
<td>3508</td>
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<td>4580</td>
</tr>
</tbody>
</table>

**BUSINESS**

New Jersey Resources is a holding company providing retail/wholesale energy services to customers in NJ and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had 547,600 cust. at 9/30/19. Fiscal 2019 volume: 232 bili. cu. ft. (17% interruptible, 17% res., 9% commercial, & 65% non interruptible). N.J. Natural Energy subsidizes New Jersey Resources' business mix. Alternatively, the New Jersey Natural Gas (NJNG) regulated utility business provides unregulated retail/wholesale natural gas and related energy services. 2020 cap ex: $1.90. Still, the stronger-than-anticipated earnings, we have added $0.40 to our bottom-line call, bringing that estimate to $1.90. The challenging operating environment is weighing on New Jersey Resources' business mix. This is evident in our estimated annual earnings decline of about 3%.

The overall financial position is in good shape. So far this year, cash reserves swollen nearly 15-fold, to $42.8 million. At the same time, the long-term debt load ticked about 8.5% higher, and now represents a relatively normal 48% of total capital when viewed against other companies in this space.

At the recent quotation, shares of New Jersey Resources do not stand out. The stock market appears to have already priced in the earnings growth we envision for the pull to 2023-2025.

**Bryan J. Pong**

**August 28, 2020**

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**ANNUAL RATES Past 5 Yrs (24.0 31.7 3 yr. -19.7 9.9 1 yr. -35.5 -1.7**

<table>
<thead>
<tr>
<th>Year</th>
<th>Change (per sh)</th>
<th>Dividends</th>
<th>Dividend Yield</th>
<th>Book Value</th>
<th>Value Line</th>
<th>P/E Ratio</th>
<th>Relative P/E Ratio</th>
<th>Dividend Cover</th>
<th>Relative Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>2.85%</td>
<td>65%</td>
<td>4.00%</td>
<td>3.79%</td>
<td>2.85%</td>
<td>1.57</td>
<td>3.5%</td>
<td>2.85%</td>
<td>1.57</td>
</tr>
<tr>
<td>2024</td>
<td>3.00%</td>
<td>70%</td>
<td>4.25%</td>
<td>3.90%</td>
<td>3.00%</td>
<td>1.68</td>
<td>3.7%</td>
<td>3.00%</td>
<td>1.68</td>
</tr>
<tr>
<td>2025</td>
<td>3.15%</td>
<td>75%</td>
<td>4.50%</td>
<td>4.00%</td>
<td>3.15%</td>
<td>1.79</td>
<td>3.9%</td>
<td>3.15%</td>
<td>1.79</td>
</tr>
</tbody>
</table>

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**New Jersey Resources posted mixed results for its third fiscal quarter (ended June 30th). To wit, the top line fell 31.2% on a year-over-year basis, to $299.0 million. This reflected a hefty, almost 85% drop in nonutility volumes, partially offset by a 6.4% rise in its utility business. Meanwhile, on the profitability front, total expenses increased 590 basis points, mainly offset by a 6.4% rise in its utility business mix. This is evident in our estimated annual earnings decline of about 3%.