

Is Emera Inc. the Top Utility Stock to Own Today?

Description

Emera Inc. ([TSX:EMA](#)), one of the largest electric utilities companies in North America, announced fourth-quarter earnings after the market closed on February 6, and its stock has remained relatively flat in the weeks since. Let's take a closer look at the quarterly results to determine if we should consider using this lack of movement as a long-term buying opportunity, or a warning sign.

The better-than-expected quarterly results

Here's a summary of Emera's fourth-quarter earnings results compared to what analysts had anticipated and its results in the same quarter a year ago.

Metric	Reported	Expected	Year Ago
Adjusted Earnings Per Share	\$0.54	\$0.50	\$0.47
Operating Revenues	\$792.6 million	\$664.3 million	\$594.4 million

Source: *Financial Times*

Emera's adjusted earnings per share increased 14.9% and its operating revenues increased 33.3% compared to the fourth quarter of fiscal 2013. These strong results were driven by adjusted net income increasing 24.6% to \$78.5 million and non-regulated operating revenues increasing 316.1% to \$265.9 million, but were negatively impacted by regulated operating revenues decreasing 0.7% to \$526.7 million.

Here's a quick breakdown of five other notable statistics and updates from the report compared to the year-ago period:

1. Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 5.9% to \$228 million
2. Operating income increased 241.2% to \$235.4 million
3. Total assets increased 10.9% to \$9.84 billion
4. Total long-term liabilities increased 12.2% to \$4.99 billion
5. Total working capital increased 24.2% to \$599.3 million

Emera also announced a 3.2% increase to its annual dividend to \$1.60 per share, and the first quarterly dividend of \$0.40 per share will be payable on or after May 15. Impressively, this marked the 11th time the company has increased its dividend since 2007, showing that it and its management team are strongly dedicated to maximizing shareholder returns.

Should you be a long-term buyer of Emera today?

Emera is one of North America's largest electric utilities companies, and increased demand for its services led it to a very strong fourth-quarter performance, but its stock has remained flat in the weeks

since the earnings release.

I think the lack of movement in Emera's stock represents an intriguing long-term buying opportunity, because it trades at inexpensive valuations, including just 18.9 times fiscal 2014's adjusted earnings per share of \$2.23 and only 17.4 times fiscal 2015's estimated earnings per share of \$2.42.

Furthermore, Emera now pays an annual dividend of \$1.60 per share, giving its stock a bountiful 3.8% yield at current levels, and I think this makes it qualify as both a value and dividend investment play today.

With all of the information above in mind, I think Emera represents one of the best long-term investment opportunities in the utilities industry today. Foolish investors should take a closer look and strongly consider establishing positions.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

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