



Does Emera Inc. and its 3.9% Yield Belong in Your Portfolio?

Description

Emera Inc. ([TSX:EMA](#)), one of the largest electric utilities companies in North America, has been one of the industry's best performing stocks in 2015. It has risen more than 7%, and it could continue to rise much higher over the next several years. Let's take a look at three of the top reasons why you should consider establishing a long-term position today.

1. Double-digit earnings growth to support a higher share price

On February 6, Emera released better-than-expected fourth-quarter earnings results, but its stock has remained relatively flat in the weeks since. Here's a breakdown of eight of the most notable statistics from the report compared to the year-ago period:

1. Adjusted net income increased 24.6% to \$78.5 million
2. Adjusted earnings per share increased 14.9% to \$0.54
3. Operating revenue increased 33.3% to \$792.6 million
4. Non-regulated operating revenues increased 316.1% to \$265.9 million
5. Regulated operating revenues decreased 0.7% to \$526.7 million
6. Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 5.9% to \$228 million
7. Operating income increased 241.2% to \$235.4 million
8. Total assets increased 10.9% to \$9.84 billion

2. The stock trades at inexpensive valuations

At today's levels, Emera's stock trades at just 18.6 times fiscal 2014's adjusted earnings per share of \$2.23, which is very inexpensive compared to the industry average price-to-earnings multiple of 24.1. I think the stock could consistently command a fair multiple of at least 22, which would give it a fair value of approximately \$49 today. It currently trades more than 18% below that level.

3. A generous dividend that is on the rise

Emera pays a quarterly dividend of \$0.40 per share, or \$1.60 per share annually, which gives its stock

a yield of approximately 3.9% at current levels. Also, the company has raised its dividend nine times since 2008 and it announced a five-year dividend-growth target of 6% per year last September, which shows that the company is fully dedicated to maximizing shareholder value.

Is today the day to buy shares of Emera?

Emera Inc. represents one of the best long-term investment opportunities in the market today because it has the support of double-digit earnings and revenue growth, because its stock trades at inexpensive valuations, and because it has shown a strong dedication to maximizing shareholder returns through the payment of dividends. Foolish investors should take a closer look and strongly consider beginning to scale in to long-term positions today.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

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