# 3 Reasons Why Emera Inc. Will Continue to Outperform the Market

## Description

**Emera Inc.** (TSX:EMA), one of the largest electric utilities companies in North America, has widely outperformed the overall market in 2015, rising nearly 9% as the market has returned about 3%, and I think it could continue to do so going forward. Let's take a look at three of the primary reasons why this could happen and why you should be a long-term buyer today.

**1. Double-digit first-quarter growth to support a near-term rally**

Emera released better-than-expected first-quarter earnings results on the morning of May 11, and its stock has responded by rising about 2.5% in the weeks since. Here's a breakdown of 10 of the most notable statistics from the report compared with the year-ago period:

1. Adjusted net income increased 17.1% to $171.6 million
2. Adjusted earnings per share increased 14.6% $1.18, surpassing analysts' expectations of $0.79
3. Total revenues decreased 14.3% to $900.3 million, surpassing analysts' expectations of $837.8 million
4. Revenue decreased 40.9% to $257.8 million in its Emera Energy segment
5. Revenue decreased 6.9% to $105.4 million in its Emera Caribbean segment
6. Revenue increased 7.1% to $69.2 million in its Emera Maine segment
7. Revenue increased 14.9% to $13.1 million in its Pipelines segment
8. Adjusted earnings before interest, taxes, depreciation, and amortization increased 16.1% to $384.2 million
9. Operating income decreased 26.8% to $232.1 million
10. Ended the quarter with $305.3 million in cash and cash equivalents, an increase of 38.1% from the beginning of the quarter



**2. Its stock trades at inexpensive forward valuations**

At current levels Emera's stock trades at just 18.6 times fiscal 2015's estimated earnings per share of $2.26 and only 18 times fiscal 2016's estimated earnings per share of $2.34, both of which are inexpensive compared with its long-term growth potential.

I think Emera's stock could consistently trade at a fair multiple of at least 20, which would place its shares upwards of $45 by the conclusion of fiscal 2015 and upwards of $46.75 by the conclusion of fiscal 2016, representing upside of more than 6.5% and 11%, respectively, from today's levels.

**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, giving its stock a 3.8% yield at current levels. The company has also increased its dividend nine times in the last eight years, making it one of the top dividend-growth plays in the energy sector today.

**Should you buy shares of Emera right now?**

Emera has the potential to continue outperforming the overall market going forward because it has the support of strong earnings growth, its stock trades at inexpensive forward valuations, and it has a 3.8% dividend yield with an extensive track record of increasing its payment. All long-term investors should take a closer look and strongly consider beginning to scale in to positions today.

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1. Dividend Stocks
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1. TSX:EMA (Emera Incorporated)

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