



This Stock Has a Rising Dividend Payout and Yields Over 4%: Time to Buy?

Description

Income investors are always on the lookout for reliable dividend-paying stocks. Here's an energy company we haven't talked about much that's worth a second look.

Emera Inc. ([TSX:EMA](#)) is a Halifax-based energy company involved in electricity generation and distribution and gas generation. Let's see how this company is faring.

Emera by the numbers

Emera reported second-quarter results on August 10. Adjusted earnings per share were \$0.55, in line with analyst expectations. These results beat 2016's second quarter by 66.67%. Its net profit only sits at 6.86%, which puts it around the middle of the pack for profitability in the industry. Emera's return-on-equity ratio sits at 8.03%. This looks low, but it's a leading number among its peers. Over the last three years, revenue growth has averaged 24.24% annually — better than the industry average of 12.93%.

The stock currently trades a little closer to its 52-week low of \$43.76 than its 52-week high of \$49.24. Analysts expect the stock to trade in the \$53 range over the next 12 months. If they are right, Emera has some room to grow.

The company carries a high debt load, with its debt-to-net-equity ratio of 3.17, but that's not unusual for the industry.

The dividend offering

Let's take a look at the nice dividend on offer by Emera. The stock currently offers a quarterly dividend of \$0.5225 per share for an annual payout rate of \$2.09 per share. This gives Emera a dividend yield of 4.54%. The yield has gone up in each of the last three years. The dividend offered has also increased in each of the last five years, so this dividend is trending in the right direction.

Company news that might concern investors

Emera has been in the news as of late for negative issues. Emera has a U.S. subsidiary named Teco

Energy Inc., and approximately 300,000 Teco customers were left without power when Hurricane Irma blew through the Caribbean and parts of the U.S. Emera has dispatched over 100 employees from Canada and the northern U.S. to help restore power to these customers, so this will cost Emera some cash.

Emera also has a stake in the construction of the delayed Muskrat Falls generating station in Newfoundland and Labrador. The station is expected to be completed this year, but power isn't expected to flow until 2020. Emera received approval from the Nova Scotia and Review Board to charge Nova Scotia Power for costs associated with this construction, but the board has decided to delay recovery of these costs. Emera needs to wait to collect its money, but at least there is an approved plan in place.

Investor takeaway

While the company has had a bit of bad news lately, Emera seems solid overall. It also offers a nice dividend that has gone up in each of the past five years. If you want a stock with consistent and rising dividends, consider adding Emera to your portfolio.

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