



## Which Safe Utility Is the Best Buy Today?

### Description

I was watching *Market Call* The Business News Network. An investor called in and asked if they should sell their **Emera Inc.** ([TSX:EMA](#)) shares, seeing that the stock fell a lot.

How much is a lot? Well, Emera stock fell more than 12% from its recent high. I suppose that's a decent-sized dip. However, compared to its peers that are also largely regulated, Emera's dip has actually been less severe.

**Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) stock fell more than 15% from its recent high, while **Canadian Utilities Limited** ([TSX:CU](#)) stock fell about 16%.

If anything, the caller should revisit Emera and determine if the dip is a buying opportunity. After all, buying stable dividend-growth companies such as Emera, Fortis, and Canadian Utilities on dips is one of the best ways to increase your long-term returns.

Regulated utilities are stable businesses. Their profitability is predictable and their dividends are safe. Which is the best buy today? Looking at the stocks from a [value-investing](#) perspective will help.



### Which is the best value today?

At roughly \$43.30 per share, Emera trades at a price-to-earnings multiple of about 15.5, while it's estimated to grow its earnings per share at a rate of 6.6% or more for the next three to five years. The stock offers a juicy yield of 5.2%. Emera's payout ratio is about 80%.

At \$41.20 per share, Fortis trades at a price-to-earnings multiple of about 16.2, while it's estimated to grow its earnings per share at a rate of 5.1% or more for the next three to five years. The stock offers a nice 4.1% yield. Fortis's payout ratio is about 65%.

At \$35.20 per share, Canadian Utilities trades at a price-to-earnings multiple of about 15.5, while it's estimated to grow its earnings per share at a rate of about 3% for the next three to five years. The stock offers a yield of nearly 4.5%. Canadian Utilities's payout ratio is about 68%.

It seems Emera offers the best value for the most growth. However, it's difficult to compete with Fortis's quality.

### Investor takeaway

The dips have finally made safe utilities such as Emera, Fortis, and Canadian Utilities more attractively valued. Particularly, now is a decent entry point for long-term investors interested in Emera and Fortis. It's hard to choose between the two, because Emera could provide more growth, while Fortis is viewed as higher quality.

It's hard to say how deep the dip will be. So, investors should be prepared to buy more [on any further dips](#) to lower their average cost bases.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:EMA (Emera Incorporated)
4. TSX:FTS (Fortis Inc.)

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