



## Despite the Negativity, Hydro One (TSX:H) Is a Really Great Investment Right Now

### Description

When considering an investment to make, it really amazes me at how we frequently get drawn in emotionally on a single and less-than-impressive aspect of a company and then completely disregard several other, more positive points that often outweigh any perceived negativity.

Take **Hydro One** ([TSX:H](#)) for instance. There's been no shortage of news over the company in the past two years, as investors have changed their views over the company several times over. First, there was the highly-touted IPO and incredible long-term potential the company posed to investors. Then there were the arguably excessive rate hikes that angered scores of customers. Then there was the Avista acquisition and the immense potential that could be realized. Finally, there was Ontario's recent election and the pledge to rein in executive compensation and replace its board, which, while appealing to the more vocal consumer critics, could be interpreted as worrisome for investors.

In short, most investors are still scrambling to determine whether Hydro One still belongs in their portfolio.

### Five reasons to invest in Hydro One

I've long mentioned my appreciation and longing for a long-term utility investment as part of every well-diversified portfolio. The utility business model, which, along with the equally [impressive pipeline business model](#), is perhaps one of the most impressive and lucrative business models on the market today.

In short, a regulated agreement stipulates how much of the utility needs to be generated, and how much that the utility is going to be reimbursed for providing that service. A typical regulated contract runs well over a decade in duration, and during that time, the utility benefits from a stable, recurring source of revenue.

That stable and recurring source of revenue leads to the second reason to consider Hydro One: dividends. Hydro One currently offers an impressive quarterly dividend that translates into a 4.65%

yield, which makes the company an appealing choice for income-seeking investors.

The third reason that investors may want to consider Hydro One is due to the company's growth prospects. The acquisition of Avista is still pending final approvals, but once complete, the company should realize further growth as it makes more inroads into the U.S. market.

Another point worth mentioning is Hydro One's quarterly results. In the most recent quarterly result announced last month, Hydro One reported earnings of \$200 million, or \$0.33 per share, surpassing the \$117 million, or \$0.20 per share reported in the same quarter last year by an incredible 70.9%.

Finally, there's Hydro One's stock price. The company is currently trading below \$20 with a P/E of 14.99. Even better is the fact that year-to-date, Hydro One is trading down 11%, which increases to 20% down over the course of the past two years. Given all of the positive points mentioned above, this makes Hydro One a great pick for a value-minded investor looking firmly at the long-term.

### **What about the government?**

One of the most vocal critics of Hydro One is the new Ontario government, and while the Ford government may have replaced the CEO and board of Hydro One, there's an important point that potential and current investors should keep in mind: the Ontario government is still the largest shareholder of Hydro One and wants Hydro One to succeed (and keep providing that dividend payment).

In short, Hydro One is an excellent long-term investment option for those investors looking for [growth and income-generating potential](#). Buy it, forget it and let it grow.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
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### **TICKERS GLOBAL**

1. TSX:H (Hydro One Limited)

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### **Date**

2025/07/27

**Date Created**

2018/09/17

**Author**

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