Buy This Dividend Payer Now

Description

Building your long-term, cash-flowing dividend portfolio has never been easier than it is right now. Steady, solid companies that pay out serious income are at one of the best buying points in decades.

Interest rate fears, trade wars, and political turmoil have all come together to give the income-focused investor a chance to start building a portfolio that will generate cash for years to come. Companies that have previously been at a premium due to their steady earnings and generally low volatility are now at discount prices.

Right now is one of the best times to buy one of these steady companies, **Canadian Utilities** (TSX:CU). At the height of the oil collapse a few years ago, Canadian Utilities was not as cheap as it is today. Even though it may have traded down to the same share price, the company has continued to grow both its business and its dividend, making it far more attractive today.

Think about it. Right now, you can get this company trading around its 52-week low with a dividend of more than 5%. If you are not a day trader, this is a huge opportunity to get massive long-term cash generation. Canadian Utilities has been raising its dividend for decades, so chances are, it will continue to do so for years to come.

This company has not been performing half bad, either. Consider its third-quarter adjusted earnings of $0.49 a share, 40% higher than the same quarter a year earlier. Currently, 99% of these earnings are regulated, providing excellent visibility to plan for capital-expenditure projects and dividend increases. Its revenues also increased by 6%, a healthy margin for a slow growth but stable company.

Besides having a stable financial base, Canadian Utilities has a level of diversification which is beyond that of many utility companies. With businesses operating around the globe, from Canada to Australia, Canadian Utilities spreads its risk quite effectively. These businesses include its pipeline and liquids businesses as well as standard electrical utilities.

While this is a great dividend-paying company, it is still prudent to take a look at the risks. This company has seen its stock price pull back in large part due to a few well-known factors. For one thing, its pipelines do connect it to the oil and gas industry, a sector that has been under negative scrutiny for a number of years.

Its dividend also makes it susceptible to interest rates, as people looking for safety begin to seek super-safe returns from bonds and GIC investments. These risks are real and will have short-term negative impacts, but are most likely negligible for the buy and hold income investor.

Besides, Canadian Utilities is looking to become a somewhat greener company, which may make it more appealing for investors who hope to stay away from fossil fuel businesses. The company will not exit its pipelines anytime soon, but it has started making an effort by converting some of its coal-fired power plants to natural gas.

When an opportunity comes along to pick up a solid, dividend-paying company at a Black Friday price, you have to take it. Canadian Utilities is about as solid as they come — a great regulated utility company with steady earnings, a dividend, and revenue growth that will help you to build wealth over the long term. Don't hesitate to pick up a slice of this company today and start getting rich slowly.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/26
Date Created
2018/11/17
Author
krisknutson