This Dividend Aristocrat Is Trading Near its 52-Week Lows

Description

3.94%-yielding **Methanex** (TSX:MX)(NASDAQ:MEOH) is trading just off its 52-week lows following a 27% drop in its share price year to date.

But while Methanex may not be the type of company that you'd typically find yourself bragging about at dinner parties, here are five very good reasons why Foolish readers ought to be giving this Dividend Aristocrat a long, hard look for potential consideration in their TFSA and RRSP investment accounts.

The market is expecting continued strong demand for Methanol products

In its most recent presentation, Methanex indicated to investors that it continues to expect strong growth in the years ahead for Methanex products, led by 5% annual growth in methanol-to-olefins used as inputs for the production of goods like plastics and propylene.

Methanol is used as an essential ingredient in hundreds of everyday household and industrial items but can also be used as a cost-effective, clean-burning source of alternative energy.

With markets increasingly turning to alternative sources of clean energy, that type of application could turn out being a blue-sky opportunity for MX at some point down the road.

Methanex is well positioned on the cost curve to be competitive at all points in the price cycle

Not only is Methanex a market leader, currently occupying double the market share of its nearest competitor, but it also boasts an extensive global distribution network that enables it to get its product to customers all over the world, including China, which currently accounts for the majority of the world's demand for methanol products.

That type of scale and market leadership give MX the advantage in being able to compete at any point throughout the cycle for methanol prices.

A strong financial position backed by investment-grade credit ratings

MX is currently on the right side of things as far as the credit agencies are concerned. With an investment-grade credit rating and over $560 million in available liquidity, including $262 in cash as of the end of the first quarter, it's able to keep its cost of borrowing in check while preserving the financial flexibility that would allow it to opportunistically pursue any M&A activity should it choose to do so.

Best-in-class corporate governance

Proud of its progressive corporate governance philosophy, 10 of the company's 11 directors are independent, including an independent chair of the board.

Four of those board members also happen to be women, and every single one of the board's directors come up for re-election annually, so shareholders are free to express their opinions if they aren't happy for whatever reason with the way things are going.

A track record of returning cash to shareholders

Since 2013, Methanex has returned $1.7 billion in cash to its shareholders, including $1.1 billion returned through share buybacks.

After raising its dividend by 9% earlier this year, MX's payout ratio remains in a very conservative range at less than 25% of earnings.

Backed by stable earnings, fixed-price contracts for natural gas used as an input to the manufacturing process and a relatively stable market for methanol prices, investors should feel confident that MX will remain in exclusive company as a TSX Dividend Aristocrat for many years to come.

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