



Worried About a Market Crash? Here's a Top Dividend Stock That Could Pay You for the Rest of Your Life

Description

If you're worried about the next market crash, which will eventually come, I have [a dividend stock that can help your portfolio weather the storm](#).

Utilities stocks are a safe and defensive sector whose stocks are not only benefiting from this profile, but also from the fact that interest rates are no longer expected to rise.

In fact, interest rates are expected to start falling, which makes secure dividend-paying stocks increasingly attractive.

Let's take a look at a 4.9% yielding dividend stock, **Altagas Ltd.** ([TSX:ALA](#)) and explore the merits of investing in this utility stock that has outperformed big time in 2019.

Altagas rises from the ashes

In 2018, Altagas was reeling from an ill-timed acquisition that forced the company to take on heavy levels of debt. This heavy debt load subsequently forced Altagas to take stock of its financial situation, and the conclusion was not pretty for investors: a dividend cut and an accelerated asset sales program would be necessary.

The dividend cut happened in December 2018, after months of market speculation, and it was a drastic one. The company finally pulled the trigger and slashed the dividend by 56%.

The stock obviously suffered and bottomed at just over \$12.00 that December. A sharp fall especially if we consider the fact that Altagas stock was trading at more than \$34.00 in the summer of 2016.

But Altagas has risen from the ashes. Altagas' stock price has surged 41% so far in 2019, and it shows no signs of stopping. Its dividend yield is 4.9%, the dividend is well-covered by its cash flow, with a payout ratio of 46%, and just covered by its EPS, with a payout ratio of 96%.

This, plus a successful asset sales program will both work to continue to reduce the company's debt burden as well as fund its growth plans.

In fact, management expects to pay down \$3 billion of debt in 2019 and end the year with a net debt to EBITDA ratio of less than 5.5 times, much lower than recent history.

A market crash won't stop Altagas' growth

Shoring up its balance sheet allows Altagas to focus on its growth plans. This growth plan focuses on the midstream, utility, and power assets that are located in some of the fastest growing markets in North America, including the Montney and Marcellus/Utica basins.

The Montney formation located in northern Alberta and British Columbia, is an extremely liquids-rich formation that holds an estimated 449 trillion cubic feet of natural gas, a substantial amount of natural gas liquids, and a significant amount of oil. It is a low-cost basin that's very competitive even to the U.S. shale basins.

All the basin needs is a build-out of infrastructure to take the gas to various markets, including, but not limited to the U.S. As we have witnessed in recent years, this is not a simple task, but although progress is painfully slow, progress is happening.

One such example is Altagas' Ridley Island Propane Export Facility, which was completed in May 2019 and will provide Canadian natural gas producers with the ability to import their propane to markets in Asia.

Notably, this project was completed on time and on budget, which is surely a confidence builder in the company and its management team.

Another project that Altagas has been working on is the expansion of the Townsend Complex, the Townsend 2B project, which includes a gas-gathering pipeline. This project is expected to be completed in the fourth quarter of 2019 and is 100%-owned by Altagas.

Foolish bottom line

Altagas stock [has provided investors with a far superior return compared to the market in 2019](#). The balance sheet is being cleaned up, the company has predictable and stable earnings and cash flow, and these defensive characteristics go a long way.

If you're worried about a market crash, these characteristics are exactly what you should be looking for.

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