Double Your Money With This Cheap Dividend Aristocrat

Description

I’ve been excited about many of the top TSX-listed utilities since the beginning of the year. Top utilities like **Hydro One** and **Fortis** have put together a banner 2019, but today I want to look at another utility that looks discounted after suffering from turbulence in the early fall.

Emera (TSX:EMA) is a Nova Scotia-based energy and utility company. Shares have plunged 8.4% over the past month as of early afternoon trading on November 13. The company released its third quarter 2019 results on November 8.

The utility missed analyst earnings projections in its third-quarter report. It posted adjusted net income of $122 million, or $0.51 per common share compared with $191 million, or $0.82 per share in the prior year.

In the year-to-date period, adjusted income has come in at $476 million or $1.99 per share, down from $504 million or $2.17 per share at the same time in 2018. Operating cash flow in the year-to-date period also dropped $55 million year over year.

Management said that weak marketing and trading conditions weighed on earnings in Q3. It was also negatively impacted by the sale of the merchant gas plants and the negative impacts of Hurricane Dorian on its operations.

Still, its regulated businesses delivered earnings growth of 4% in the quarter and 12% in the nine months to date in fiscal 2019.

A dividend aristocrat to trust

Last month I’d focused on two dividend aristocrats that I’d liked heading into the last months of 2019. A **TSX-**listed dividend aristocrat is a stock that has achieved at least five consecutive years of dividend growth.

Emera last approved an increase in its quarterly dividend to $0.6125 per common share, which represents a 4.5% yield at the time of this writing.

Emera has delivered dividend growth for over 10 consecutive years. With its last dividend hike announcement, Emera extended its dividend growth rate target of 4% to 5% to 2022.

The company boasts a wide economic moat that pairs nicely with its history of dividend growth. Investors should feel comfortable trusting Emera into the next decade. Right now it's especially attractive, as its peers in the utility sector are trading at a premium.

Is Emera a buy-low opportunity?

Shares of Emera are still trading at the high end of its 52-week range. The stock possessed a price-to-earnings ratio of 16 and a price-to-book value of 1.6 at the time of writing. Emera has nice value relative to its industry peers.

The stock had a **Relative Strength Index** (RSI) of 40 as of early afternoon trading on November 13. While it slipped into technically oversold territory immediately following its earnings release, it's not too late to buy this dip.

Emera has a nice track record and boasts an attractive dividend yield. A dovish rate environment is still bullish for stable income-yielding equities like Emera, which is why I'm targeting the stock right now.

CATEGORY

1. Dividend Stocks
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2. TSX:EMA (Emera Incorporated)
3. TSX:FTS (Fortis Inc.)
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