



3 Reasons I'll Never Sell Hydro One (TSX:H)

Description

Last week, I'd [discussed three reasons](#) why I'm hanging onto **Fortis** for the long haul. Today, I want to zero-in on another top Canadian utility: **Hydro One** ([TSX:H](#)). In this article, I'll explore three reasons I'm never letting go of this stock.

Hydro One: The top utility in Ontario

Hydro One is the top utility in the most populous Canadian province. This alone makes it a desirable target for those who are seeking exposure to this sector. Indeed, the company has stepped up during these trying times to offer relief to its sprawling customer base in Ontario.

On August 7, Hydro One announced that it would extend its ban on residential electricity disconnections. This was done to ensure that no customer was disconnected during a time when utility services were most needed. Its Pandemic Relief Program has also remained in place. This allows customer to apply for financial relief and payment flexibility in a time that has seen Canadian jobless rates soar to historic levels.

Naturally, Hydro One also benefits from Ontario's huge customer rate base. This was one of the reasons the stock was so desirable when it made its public listing in November 2015.

The company has been reinvigorated since 2018

Shares of Hydro One have climbed 12% in 2020 as of close on August 18. The stock is up 20% year over year. Hydro One started hot after its 2015 IPO, surging into the summer of 2016. However, it experienced a prolonged rut that extended into late 2018.

The recently elected Ontario premier, Doug Ford, fulfilled a campaign promise and ousted Hydro One's CEO and the entire board of directors. At the time, no one really knew what to expect after this headline-grabbing maneuver. In August 2018, I'd suggested that Hydro One was still worth a look due to its [stability and dividend](#).

Hydro One has defied expectations since the stunning ouster of its leadership team. The stock managed to gain momentum after losing out on its proposed acquisition of the U.S.-based Avista. Things have continued to look up in the first six months of 2020.

In the second quarter of 2020, the company delivered adjusted earnings per share of \$0.39 compared to \$0.26 in the prior year. This was driven by historically hot summer weather and offset by higher COVID-19-related expenses. In the year-to-date period, Hydro One has posted revenues of \$3.52 billion over \$3.17 billion in the first six months of 2019. Net cash from operating activities has soared to \$923 million — up from \$415 million in the previous year.

Why Hydro One is a great option for income investors

Like its peers, many investors chase after Hydro One for its reliable dividend. In 2020, the company increased its quarterly dividend to \$0.2536 per share. This represents a 3.6% yield. It has delivered dividend growth in every year since its public listing. Better yet, Hydro One stock offers great value right now. It last possessed a favourable price-to-earnings ratio of 9.3 and a price-to-book value of 1.6.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/12

Date Created

2020/08/19

Author
aocallaghan

default watermark

default watermark