



ACT NOW: The Best Utility Stock To Protect Your Portfolio

Description

Canadian Utilities Limited ([TSX:CU](#)) engages in the electricity, pipelines and liquids, and retail energy businesses worldwide. The company pays a [steady and growing dividend](#) and has produced excellent returns for shareholders over the long-term. The company was founded in 1927 and is headquartered in Calgary, Canada.

The company operates through three segments. The electricity segment provides electricity generation, transmission, distribution, and related infrastructure solutions. The pipelines & liquids segment offers integrated natural gas transmission, distribution, storage, industrial water solutions, and related infrastructure development. The corporate segment engages in retail electricity and natural gas businesses.

The company has a price-to-earnings ratio of 21.32, price to book ratio of 1.69, dividend yield of 5.45% and market capitalization of \$8.68 billion. Debt is very sparingly used at Canadian Utilities, as evidenced by a debt-to-equity ratio of just 1.35. The company has excellent performance metrics with an operating margin of 31.79% and a return on equity of 7.03%.

The company is a [diversified global enterprise](#) with assets of \$20 billion and approximately 4,600 employees engaged in delivering service excellence and innovative business solutions. Canadian Utilities serves more than two million customers around the world. The company powers homes, energizes industries and delivers customer-focused energy infrastructure solutions.

The electricity segment's activities are conducted through the electricity distribution business and electricity transmission business. Electricity's strategy is to grow the businesses through investing in regulated electricity distribution and transmission while capitalizing on opportunities to provide long-term contracted electricity transmission services and renewable and natural gas-fired electricity generation. The company's electricity regulated businesses expect to see continued investment opportunities based on customer growth and system replacements.

The pipelines & liquids segment's activities are conducted through the natural gas distribution business, natural gas transmission business and storage & industrial water business. These

businesses offer complementary products and services that enable them to deliver comprehensive natural gas distribution and transmission services, energy storage, and industrial water solutions to existing and new customers.

Canadian Utilities invests in regulated natural gas distribution and transmission, and is working on becoming a premier hydrocarbon liquids storage and industrial water infrastructure provider. The pipelines and liquids regulated businesses expect to see continued growth based on forecast customer growth and system replacements. Expansion of pipelines in Alberta is expected to increase the need for energy storage to manage supply and demand.

The company's corporate segment provides retail electricity and natural gas services in Alberta and includes global corporate head offices in Canada, Australia and Mexico. The company launched ATCOenergy was launched in early 2016 to sell electricity and natural gas to residential and commercial customers through flexible plans offering real savings and exceptional customer service.

Revenues for the second quarter of 2020 were \$740 million, \$162 million lower than the same period in 2019. Lower revenues were mainly due to forgone revenue following the sale of a Canadian fossil fuel-based electricity generation business in 2019.

Canadian Utilities targets select markets with stable regulatory environments and rule of law, excellent long-term growth potential, and strategic fit with the company's existing asset base. This focus on select markets is expected to serve long-term shareholders well.

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Author

nikhilwaterloo

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