



\$10,000 in Emera Stock Could Return \$456 in Dividends and \$670 in Capital Appreciation

Description

Emera ([TSX:EMA](#)) is a utility company that services over 2.5 million customers across the Caribbean, the U.S., and Canada. Its customers include residential, commercial, and industrial clients.

Over 95% of Emera's earnings come from regulated operations and the quality and predictability of its earnings and cash flow are robust. With its stable and consistent revenue streams, as well as a tasty forward yield of 4.56%, Emera is a safe [dividend stock](#) and has been recommended multiple times as a great option for people seeking a regular source of income.

An overview of Q1 results

Emera released its financial results for the first quarter of 2021 on May 12. Net income for Q1 fell almost 50% to \$273 million, or \$1.08 per share, compared to \$523 million, or \$2.14 per share, in the prior-year period.

However, adjusted net income was \$243 million or \$0.96 per share compared to \$193 million from the same period the previous year. The growth in the company's quarterly adjusted net income was mainly due to increased earnings at Emera Energy Services (EES), an increase in earnings at People's Gas (PGS) as well as Tampa Electric, coupled with lower corporate interest and operating and maintenance of general expenses.

Its quarterly adjusted EPS saw an increase of \$0.17, to reach \$0.96, which was due to continued strength in the regulated portfolio.

Since 2018, Emera has retired over \$1 billion of holding company debt and reduced its holding company debt to a total debt ratio to below 40%. The past 12 months have seen Emera's business generate \$1.4 billion of normalized operating cash flow, allowing it to improve its leverage multiples.

What's next for Emera investors?

Emera says it is committed to investing between \$7.4 billion and \$8.6 billion through the end of 2023 in renewable and clean energy solutions as well as infrastructure modernization. It expects investments to drive a rate base growth of 7.5% to 8.5% on an average annualized basis over the period.

The company is currently on track to deploy over \$2 billion of capital investment in 2021 to help drive rate base growth and also advance its strategies. Further, Emera filed a petition to allow for an increase in 2022 base rates at Tampa Electric by \$295 million.

Emera President and CEO Scott Balfour strongly believes that the company is off to a "...solid start this year" thanks to its proven strategy of dealing with safely delivering cleaner, reliable and affordable energy for over 15 years.

The company's capital investment plan is mainly being funded via internally generated cash flows as well as debt raised at the operating level. It has also provided an annual dividend growth guidance of 4-5% through to 2022.

There have been reports of the Caribbean nation of Dominica planning on taking over the island's electric utility, Dominica Electricity Services Ltd. Emera's subsidiary owns 52% of DOMLEC. The company has kept silent on this.

Emera stock closed last week at \$56.34, and analysts have given it [an average target price](#) of \$60.13. That's an upside of 6.72%. Not a bad stock addition to one's portfolio at all.

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