



Top Canadian Stock I'd Buy With \$500 Right Now

Description

Despite the extraordinary and unexpected challenges of the global COVID-19 pandemic, **Emera** ([TSX:EMA](#)) accomplished a significant amount in 2020 for the company's customers, communities, and shareholders. The company's ability to adapt and deliver the essential energy for Emera's customers is a testament to the strength and resiliency of Emera's team and the company's strategy.

Last year, Emera's teams adapted quickly to add new protocols and procedures to continue to safely deliver cleaner, affordable and reliable energy for the company's customers. Emera's team also supported the company's customers and communities through customer relief programs and community investments to help those most impacted by the pandemic.

Across Emera's [operating companies](#), it contributed over \$6 million to organizations providing critical aid, including assistance with energy costs, food, shelter, and mental health support. The company's commitment to health and safety appears to be core to Emera's pandemic planning and the company's continued response to COVID-19.

Solid financial results

The company delivered solid financial results in 2020. Emera's annual adjusted earnings per share (EPS) were in line with the company's expectations and grew by three percent to \$2.68. It is notable that the asset sales Emera completed over the past two years distort the actual year-over-year comparison of the performance of the company's business.

If Emera's EPS is adjusted for the [operating earnings impact of asset sales](#), the company's 2020 results were 15 percent higher than those in 2019, principally driven by the 13 percent year-over-year earnings growth from the continuing portion of Emera's portfolio of regulated businesses.

The strong performance of Emera's regulated utilities supported the four percent increase to the company's dividend, keeping the company's commitment to providing predictable, sustainable, and growing value to the company's investors. Emera continues to target 4-5 percent dividend growth through 2022.

Efficient asset sale program

Further, the company also strengthened Emera's balance sheet by completing an asset sale program with the sale of Emera Maine in the first quarter, as well as by retiring \$390 million of holding company debt and raising \$490 million of common equity. Emera also solidified the company's future earnings and cash flow growth and quality with the rate case settlements secured.

Natural gas is an important source of cleaner energy as Emera focuses on eliminating coal by 2040. In the capital markets, regulated utility stocks, including Emera, did not perform as well as investors might have expected given the stable financial performance within an environment of lower interest rates and economic uncertainty for much of the year, which are typical conditions when regulated utility stocks would outperform.

Consistent and competitive value

Hence, Emera and other utility peers underperformed as investors preferred other sectors. As a result, while the company's total shareholder return for the year was consistent with Emera's regulated utility peers in Canada and the United States it was lower than Canada's capped utility and stock index.

Despite the share performance of the company's industry in 2020, Emera's longer-term total shareholder return continues to provide consistent and competitive value to investors, delivering 10 percent returns over the past three, five and 10 years.

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