



1 Dirt-Cheap Dividend Stock I'd Buy in October 2022

Description

The **S&P/TSX Composite Index** was up 152 points in late-morning trading on October 25. The utilities sector was up 1.57% at the time of this writing. Today, I want to zero in on an [undervalued dividend stock](#): **Hydro One** ([TSX:H](#)). Let's jump in.

How has this top utility stock performed in 2022?

Shares of Hydro One have climbed marginally in 2022 at the time of this writing. The dividend stock is still up 9.9% in the year-over-year period. Below is a chart that tracks the performance of Hydro One in recent years.

Here's why you can trust Hydro One for the long haul

Hydro One is a Toronto-based electricity transmission and distribution company that operates in Ontario. This profit machine boasts a monopoly in the country's most populous province. That alone should pique investor interest. Utility stocks have been a dependable target for investors in the face of [turbulence](#) this decade. The COVID-19 pandemic made stocks linked with essential services a must have.

Investors can expect to see this company's third-quarter (Q3) fiscal 2022 results before markets open on November 11. In Q2 2022, Hydro One delivered total revenues of \$1.84 billion compared to \$1.72 billion in the second quarter of fiscal 2021. Revenues were reported at \$3.88 billion in the first six months of fiscal 2022 — up from \$3.53 billion in the previous year-to-date period. Hydro One was bolstered by the impacts of the Ontario Energy Board (OEB) decision in April 2021 regarding the deferred tax asset (DTA) amounts that were previously allocated to ratepayers. It also benefited from OEB-approved rates and improved peak demand.

Net income attributable to common shareholders climbed to \$255 million, or \$0.43 per basic share, compared to \$238 million, or \$0.40 per basic share, in the second quarter of fiscal 2021. In the year-to-date period, net earnings jumped to \$565 million, or \$0.94 per basic share, compared to \$506 million,

or \$0.85 per basic share.

On the operational front, Hydro One was able to restore power to roughly 760,000 customers affected by a severe storm on May 21, 2022. The company made capital investments and in-service additions in the second quarter of fiscal 2022 of \$612 million and \$547 million. That was up from \$553 million and \$300 million in the previous year.

Hydro One: The case to buy this dividend stock right now

Shares of this top dividend stock currently possess a favourable [price-to-earnings ratio of 19](#). It is trading in solid value territory for the industry average. Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given security. Hydro One fell into technically oversold territory in the first half of this month. It is not too late to snatch up this dividend stock on the dip.

Hydro One has achieved dividend growth in every year since its inception on the S&P/TSX Composite Index. That works out to six straight years of annual dividend increases. It currently offers a quarterly dividend of \$0.28 per share. This represents a 3.3% yield.

Investors who want exposure to a dependable profit machine should consider this top dividend stock as we come into the final days of October.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/06/29

Date Created

2022/10/25

Author

aocallaghan

default watermark

default watermark