



2 Energy Stocks Moving Higher on Strong Earnings

Description

Earnings season is in full swing, and **Altagas Ltd.** ([TSX:ALA](#)) and **Capital Power Corp.** ([TSX:CPX](#)) have been big winners as a result of their strong reports. Let's take a closer look at each company and the most notable information from their reports to determine if you should buy one of them today.

Altagas Ltd.

Altagas is a North American diversified energy infrastructure company focused on building, owning, and operating assets to provide clean and affordable energy to its customers. Its assets include natural gas pipelines, processing plants, and storage facilities, wind, hydro, biomass, and gas-fired power-generation facilities, and regulated utilities that deliver natural gas.

On the morning of July 21, Altagas released very strong second-quarter earnings results, in which its revenue increased 2.4% to \$426 million, its normalized earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 43% to a record \$153 million, its normalized funds from operations increased 67.7% to \$114 million, and its normalized net income increased 222.2% to \$29 million.

In addition to the very strong earnings results, Altagas announced a 6.1% increase to its monthly dividend to \$0.175 per share, or \$2.10 per share on an annualized basis, and this brings its yield to about 6.4%. This was the company's third dividend hike since the start of 2015, and it's currently on pace for 2016 to mark the sixth consecutive year in which it has raised its annual dividend payment.

Great financial results and a dividend hike is just about all you can ask for in an earnings report, so it's no surprise that Altagas's stock has responded by rising about 5% in the trading sessions since. I think the stock could continue higher from here, because it still trades at attractive valuations, because the company has a fast-growing asset base with numerous projects under development, and because it's both a high dividend and dividend-growth play, so I'd buy it today.

Capital Power Corp.

Capital Power is a North American power producer. It has ownership interests in 18 facilities across

Canada and the United States that generate power from a variety of energy sources, including natural gas, wind, coal, solid fuels, and solar.

On the morning of July 25, Capital Power released very strong second-quarter earnings results, in which its revenue increased 175.9% to \$229 million, its adjusted EBITDA increased 129.8% to \$108 million, its funds from operations increased 51.4% to \$106 million, and its normalized net income increased 190% to \$29 million.

In addition to the very strong earnings results, Capital Power announced a 6.8% increase to its quarterly dividend to \$0.39 per share, or \$1.56 per share on an annualized basis, and this brings its yield to about 7.8%. This was the company's second dividend hike since the start of 2015, and it's currently on pace for 2016 to mark the third consecutive year in which it has raised its annual dividend payment.

Capital Power's stock unsurprisingly responded to its very strong financial results and dividend hike by rising over 2% in the trading session that followed. I think its stock could continue higher from here, because it still trades at attractive valuations, because it has a major wind project under development that will be commissioned in 2017, and because it's both a high dividend and dividend-growth play, so I'd buy it today.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CPX (Capital Power Corporation)

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