

Dividend Investors: Did You Miss This Company's Earnings Call?

Description

For investors looking to make a long-term investment in any company, taking a deep dive into the company's financial results each quarter is good practice; the earnings release data, widely available, happens to be only one of two key releases each quarter; the earnings call is often overlooked, but it can reveal significant value for investors looking to gain a picture of where a company is headed and where the long-term strategic focus of management will be placed in the upcoming quarters.

Such was the case with the most recent earnings call of **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) on Friday. The company's management team rolled out the red carpet for a number of new projects, highlighting long-term growth initiatives and in-place growth initiatives that have already influenced earnings significantly,

Algonquin Power posted impressive numbers, reporting the following year-over-year growth rates for the second quarter:

Metric	Q2 2017	Q2 2016	% Change
Adjusted EBITDA	\$197.6 million	\$99.2 million	99%
Adjusted Net Earnings	\$53.3 million	\$30.9 million	72%
Adjusted EPS	\$0.13	\$0.11	18%
Revenue	\$453.2 million	\$222.8 million	103%
Dividend Per Share	\$0.1593	\$0.1361	17%

These strong results were attributed to the accretive impact of a number of acquisitions made previously by Algonquin Power's management team. On the earnings call, management pointed to the recent Empire acquisition involving power generation and water utilities in the U.S. market as being one of the key drivers of impressive year-over-year growth, noting that new projects contributed nearly \$95 million of the incremental EBITDA growth, or nearly the entire amount for this most recent year-over-year period.

I typically pay very close attention to the details of the quarterly earnings reports of a company that engages in a growth strategy built on an acquisition model; acquisition growth models are typically great for generating short-term revenue and earnings growth, but they often leave long-term investors out in the cold when debt payments become due.

Algonquin Power's acquisition model, however, is fueled by low-cost debt and powerful earnings generation that's supported by long-term sales agreements which allow the company to accurately predict the net present value (NPV) of the various acquisitions or new projects the management team deems worthy. These acquisitions, including the most recently announced acquisition of the City of Perris water system, carry very large, positive NPVs with revenue and earnings potential which can be accurately forecast at a close-to-guaranteed basis.

Bottom line

These recent earnings results from Algonquin Power blew me out of the water (no pun intended). For a company in an industry many consider to be very “boring,” the growth profile of Algonquin Power sure is exciting.

Stay Foolish, my friends.

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