



## This Diversified Utility Has Growth and Income Potential

### Description

**Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) is a great utility investment that should be considered as a core holding for nearly every portfolio.

Algonquin offers generation, distribution, and transmission capabilities divested across electric, natural gas, and water utilities to over 750,000 customers across more than a dozen states.

At first, this description may sound like every other utility and granted; many of those utilities are also [great long-term investments](#) too. But when it comes to Algonquin however, there are several reasons to consider an investment.

### Why invest in a utility?

When considering a utility investment, there are two two key factors unique to the sector that investors need to take into consideration.

First, the bulk of the revenue generated by a utility is both regulated and recurring. Long-term contracts that can span two decades or longer stipulate the amount of the specific utility service is to provide, as well as the reimbursement amount the utility will earn from offering that service.

The regulated nature of the utility, in turn, results in a steady stream of revenue, which brings with it the stereotype of having few growth opportunities outside the organic community the utility serves.

Utilities can and do exercise their financial muscle and expand, typically by absorbing smaller players on the market that complement their own distribution and coverage.

The second point involves the facilities themselves and the changing face of power generation. Power generating facilities typically have a long lifespan, and the current crop of facilities are fossil fuel burning assets that are nearing their end of life.

This presents an incredible opportunity for utilities that offer renewable energy facilities, which are becoming more commonplace and steadily replacing their fossil fuel burning predecessors. While there

are several [great renewable energy companies](#) specifically catering to this market, Algonquin is unique in that the company is already a renewable energy behemoth, with over 35 clean energy facilities across the U.S. and Canada that encompass solar, wind, thermal, and hydro elements through its Liberty Power subsidiary.

Liberty Utilities is the name given to Algonquin's other subsidiary, which provides water, gas, and electricity distribution to customers in a dozen U.S. States.

## Why Algonquin?

Algonquin's portfolio mix of power and utilities really is unique to the market, which is why investors should take a closer look at the company.

From an earnings standpoint, Algonquin reported \$233.4 million in adjusted EBITDA during the most recent quarter, surpassing the forecasted \$207 million that analysts expected and shattering the \$138.3 million reported in the same quarter last year.

Adjusted net earnings for the period came in at \$85.9 million, or \$0.20 per share, beating the \$51.4 million, or \$0.18 per share reported in the fourth quarter last year.

In terms of a dividend, Algonquin provides investors with an impressive quarterly payout, which provides a healthy 4.70% yield. Algonquin has also established a precedent of annual or better increases to the dividend that goes back seven consecutive years.

If that isn't reason enough to sway prospective investors, Algonquin is targeting annual growth of that dividend to continue at a 10% annualized rate through 2022.

Finally, prospective investors should note that Algonquin is trading down 9% this year at just under \$13 per share, thereby representing a unique opportunity to pick up shares at a significant discount.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**

2025/07/02

**Date Created**

2018/04/06

**Author**

dafxentiou

default watermark

default watermark