



## Why Altagas Ltd. (TSX:ALA) Could Be About to Take Off!

### Description

**Altagas Ltd.** ([TSX:ALA](#)) has been picking up steam lately as its acquisition of **WGL Holdings Inc.** ([NYSE:WGL](#)) looks to close on Friday. In a joint release earlier in the week, the two companies were happy to announce that the last approval in what has been a very long process has now been secured from the Public Service Commission of the District of Columbia.

Six regulatory approvals were required in total for the acquisition to move forward, all of which have now been obtained.

### Strong growth opportunities ahead

Together, the two energy companies will be able to complement one another very well. In its most recent fiscal year, WGL generated US\$2.3 billion in sales, while Altagas accumulated more than \$2.6 billion. There's a lot of overlap between the two companies, and even their market caps are similar.

Altagas CEO David Harris was very excited by the acquisition, stating in the release, "As we look forward, we see significant opportunity to be at the forefront of the new energy economy. The combination of Altagas and WGL is a powerful one, with a North American footprint comprised of over \$20 billion of high quality, low-risk and long-lived infrastructure assets, and one which provides meaningful benefits for both customers and shareholders."

While Altagas has a presence in the U.S., WGL will help add to that with its service territory, which includes the District of Columbia, Virginia, and Maryland.

### A great dividend stock could get even stronger

Altagas has a good reputation for increasing its payouts, and in five years its dividend payments have risen by nearly 50%. Last year, Altagas hiked its dividend by 4.3%. However, the company expects that rate of increase to get [closer to 10%](#) once it fully integrates WGL into its operations, thereby providing investors with even stronger returns over the long term.

Currently, Altagas pays investors a very attractive dividend of over 7.9%, although a big reason for that

high rate is the decline of the stock over the past year, which has sent its yield up as a result.

### **Momentum starting to build**

While the stock has struggled since last year, Altagas has started to see some bullishness return to the troubled stock. In just the past month, its stock price has risen 8%, and more could be on the way as investors get excited about this acquisition finally coming to a close.

### **Why Altagas is a good buy today**

Whether you like its [dividend](#) or its growth prospects, there's a lot to like about Altagas today. At a price-to-book ratio of 1.4, the stock is a good value buy as well.

The acquisition of WGL will give Altagas many new opportunities and markets in which to grow, and that should make investors more bullish about the company's long-term prospects. The utility provider is also a low-risk investment, as it will have a lot of recurring revenue, making it easy to grow its top line. And with the economy in Alberta continuing to strengthen, it will only accelerate the company's growth.

Altagas is overdue for a recovery, and this could be start of a long, upward trend for the stock.

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1. Energy Stocks
2. Investing

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