



## Should You Buy AltaGas Ltd (TSX:ALA) Ahead of Earnings?

### Description

**AltaGas** ([TSX:ALA](#)) is set to release its quarterly earnings next week, and with the stock still trading fairly low, it might be a great time to buy. Although the stock has risen 13% in the past month, it's still down around 40% over the past 12 months and nowhere near the more than \$20 a share it regularly traded it for much of 2018. However, that also makes it an intriguing option given the upside it possesses. With the stock still trading below its book value, investors won't be paying a premium to own the energy company.

AltaGas is coming off a dreadful quarter in which it posted a big loss of more than \$700 million. However, with the company undergoing a lot of changes and incurring some big one-time costs, it's safe to say that the results have not been typical for what's normally been a much steadier stock.

Over the past five years, the company has consistently posted a profit, but in 2018 that looks to be very much in doubt given its most recent quarter. But with a lot of the noise out of the way and the company reducing its [dividend](#), AltaGas could be setting itself up for a good quarter to close out the year.

### Company does not have a good track record on earnings day

The one big detractor for AltaGas is that it has not generated a lot of good surprises on earnings day in the past, and that could make it a good time to either sell the stock or if you don't own it to wait out the inevitable dip in price. Over the past couple of years, the stock has had some pretty big misses when it's come to earnings, and it doesn't inspire a whole lot of confidence in holding the stock until then.

The bigger problem might be that even with a good performance and an earnings beat, there simply might not be enough bullishness in the industry to price up the stock much higher than it is now. Even though AltaGas has been trading below book value for a long time, that hasn't been enough to entice value investors to buy up the stock.

## Bottom line

If you're planning on holding AltaGas for the long term, then its upcoming earnings shouldn't impact your decision, as it still has tremendous growth potential. The bigger decision is for shorter-term investors that might simply not be willing to wait around for the stock to recover from yet another possible decline in price.

For risk-averse investors, AltaGas might not be worth the gamble, and if you've made a nice return so far this year, it might be a good time to cash out.

However, I'm still optimistic this will be a [good year](#) for AltaGas and that it is on a good path; hopefully, it can start to generate a bit of a rally. The good news is that with such a big miss and sell-off last quarter, there might not be much more room for the stock to decline anyway.

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