



Why the Altagas (ALA) Stock Price Fell 5.8% in February

Description

With a 6.1% fall in the **S&P/TSX Composite Index** (TSX:^OSPTX) in February, many opportunities to buy quality companies at attractive stock prices surfaced. I honestly thought that the [stock market downturn](#) would be a little more protracted, so I was still waiting it out, making my list of stocks to buy when the market suddenly turned higher.

Whether this quick recovery will be sustainable remains to be seen, but in the meantime, let's review what has been one of my favourite stocks in the last year, **Altagas Ltd.** ([TSX:ALA](#)). Altagas stock price fell in February, only to pick up steam again this month, as the company continues to recover from some missteps a few years ago, namely the debt-laden acquisition of WGL.

Altagas stock price held up well in the coronavirus-fueled market downturn

Altagas stock finished 2019 with a bang, outperforming its peer group with a more than 42% return as the company rebuilt investor confidence in its strategy, balance sheet, and management team. A weak February notwithstanding, so far in 2020, Altagas continues to outperform, with a year-to-date return of 9.3% at the time of writing.

Regardless, Altagas stock price was taken down in February. While the decline was less than that of the market, it nevertheless traded in sympathy with the market, regardless of its positive outlook.

Altagas stock price outperforms as the company gets its house in order

In 2019, Altagas reduced its debt by more than \$2 billion to \$5.9 billion, surpassing the company's initial target laid out earlier in the year. With debt reduction taking hold, interest payments on the decline, and a better operating cash flow outlook, Altagas stock has rallied on the promise of the future.

Management is successfully repositioning the company, with a new focus on regulated gas utilities and gas midstream assets. As an energy infrastructure company with more than \$10 billion of assets in natural gas extraction, processing, and storage, Altagas delivers natural gas to homes and businesses, an essential service.

Combined with the company's power assets, which include biomass and solar assets, we can see how Altagas makes up an essential part of all of our lives.

Growth comes from the company's exposure to the Montney and Marcellus/Utica basins, but even in these growth areas, we have some measure of stability, as is evidence by the 75% of EBITDA backed by medium- to long-term contracts.

Foolish bottom line

With a current dividend yield of 4.42%, Altagas stock provides investors with solid and relatively secure dividend income along with the opportunity for growth. Amid this increasingly volatile and uncertain environment, [defensive stocks like Altagas stock are top buys for investor portfolios.](#)

In closing, I would like to remind foolish investors of our belief in holding great businesses for the long-term. While this belief remains intact, we are also aware that sometimes, short-term stock price movements create opportunities to create wealth.

Blending this long-term focus with a keen eye for short-term stock mispricings, we can use both strategies in harmony, and our quest for financial freedom can be fulfilled.

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