



This Utility Stock Is Primed for Growth

Description

When speaking about utility stocks, the defensive appeal and dividend on offer are typically the two key takeaways. There's a good reason for that view, as utilities are some of the best defensive investments on the market. Similarly, their stable and recurring revenue stream provides a reliable dividend that few stocks can match. **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is primed for growth and offers investors all of that and more.

How Algonquin is primed for growth

For those that are unaware of Algonquin, the company is a growing utility. The company's business comprises two segments known as Liberty Power and Liberty Utilities. Liberty Utilities provides water, electric, and gas distribution service to a growing number of customers across a dozen U.S. states. Liberty Power, however, boasts an all-renewable portfolio of over 50 power-generation facilities. Those facilities are well diversified with wind, solar, hydro, and thermal elements.

The renewable arm currently accounts for a third of company revenue but is also primed for growth. Algonquin's own identified project list comprises a whopping \$9.2 billion in capital through 2024. Additionally, new solar and wind facilities will provide Algonquin with 1.6 GW of new capacity. As an aside, those growth prospects don't take into consideration Algonquin's already aggressive stance on expansion. An example of this is Algonquin's acquisition of the sole electric utility in Bermuda back in November.

Prospective investors looking at Algonquin's primed-for-growth approach need not look further than the past two years. During that period, Algonquin's stock has soared well over 50%, and that's without factoring in dividends. That growth will only increase in the coming years as [renewable energy gains further traction](#).

Speaking of dividends, Algonquin offers investors a healthy quarterly dividend with a 3.57% yield. Additionally, Algonquin provides annual healthy bumps to that dividend, with the most recent 10% uptick coming last March. To put some numbers around the income potential, a \$30,000 investment in

Algonquin will provide you with over \$1,050 in just the first year. Factor in those annual hikes, and Algonquin can become a serious cash-producing investment for long-term investors.

What should you do?

No investment is without risk. Fortunately, Algonquin offers a reliable revenue stream wrapped in a defensive package. Apart from its renewable energy arm, Algonquin's Utility segment makes the stock well diversified, particularly when compared to its fossil fuel-burning peers. In terms of results, in the most recent quarter, Algonquin reported net earnings of \$88.1 million, reflecting a 27% increase over the prior period.

In short, Algonquin is a great investment that is primed for growth. The stock appeals to nearly every portfolio. Buy it, hold it, and let it [make you rich](#).

CATEGORY

1. Dividend Stocks
2. Investing

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