



## TFSA Investors: Buy Canada's Safest Utility Stock

### Description

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) owns and operates a [diversified portfolio](#) of regulated and non-regulated generation, distribution, and transmission utility assets, which are expected to [deliver predictable earnings](#) and cash flows. The company is very focused on maximizing total shareholder value through real per-share growth in earnings and cash flow to support a growing dividend and share price appreciation.

Algonquin Power's operations are organized across two primary business units. The company's regulated services segment primarily owns and operates a portfolio of regulated assets in the United States and Canada. The company's renewable energy segment owns and operates a diversified portfolio of renewable generation assets. Algonquin Power undertakes development activities for both business units, working with a global reach to identify, develop, acquire, or invest in renewable power-generating facilities, regulated utilities, and other infrastructure projects.

The company has a price-to-earnings ratio of 27.05, price-to-book ratio of 2.86, dividend yield of 3.61%, and market capitalization of \$13.08 billion. Debt is low at Algonquin Power, as evidenced by a debt-to-equity ratio of just 0.73. The company has excellent performance metrics with an operating margin of 21.40% and a return on equity of 7.99%.

The company's renewable energy segment generates and sells electrical energy produced by a diverse portfolio of renewable power generation and clean power generation facilities primarily located across the United States and Canada. The segment delivers steady growth through development of new power generation projects and accretive acquisitions of additional electric energy generation facilities.

This segment owns and operates hydroelectric, wind, solar, and thermal facilities with a combined gross generating capacity of approximately 1.6 gigawatt (GW). Approximately 84% of the electrical output is sold pursuant to long-term contractual arrangements, which has a production-weighted average remaining contract life of approximately 13 years.

The company's regulated services segment operates a diversified portfolio of regulated utility systems

throughout the United States and Canada, serving approximately 804,000 connections. The segment provides safe, high-quality, and reliable services to the company's customers and delivers stable and predictable earnings to the company. In addition to encouraging and supporting organic growth within the company's service territories, the regulated services segment delivers continued growth in earnings through accretive acquisitions of additional utility systems.

The COVID-19 pandemic and resulting business suspensions and shutdowns have changed consumption patterns of residential, commercial, and industrial customers across all three modalities of utility services, including decreased consumption among certain commercial and industrial customers.

Despite this, significant opportunities for power-generation projects is expected to arise given that many jurisdictions continue to increase targets for renewable and other clean power generation projects. Algonquin Power's renewable energy segment is well positioned to take advantage of this demand for increased renewable energy, given that a significant portion of the group's assets are from renewable sources.

The company also has significant opportunity to allocate capital at high rates of return in the near future. Algonquin Power has identified an approximately \$9.2 billion development pipeline consisting of \$6.7 billion of investment in the company's regulated services segment and \$2.5 billion of investments in the company's regulated services segment through the end of 2024.

## CATEGORY

1. Dividend Stocks
2. Investing

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1. dividend

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