



Canada's Most Stable Stock Should Outperform

Description

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) operates in a [stable industry](#) and recently reported financial results. While the company's regulated services group faced several issues on the earnings front due to consumption changes, the company's renewable energy group remained relatively unimpacted and largely unaffected.

Solid year of financial results

Algonquin reported a [solid year of financial results](#), which, despite the challenges due to the COVID-19 pandemic, saw year-over-year growth in all of the company's key financial metrics, including adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted net earnings, and adjusted net earnings per share.

Over 10 consecutive years of double-digit growth

As a true testament to the strength of Algonquin's growth program, asset growth increased more than 20% last year alone, as the company recorded over \$13 billion in total assets for the year-ended 2020. This growth in earnings and cash flows once again supported a 10% increase in Algonquin's common share dividend, which has seen over 10 consecutive years of double-digit growth.

Ability to deliver sector-leading returns

Lastly, as a true nod to the value Algonquin continues to deliver to the company's shareholders, the company, again, has been able to deliver sector-leading returns. On the **Toronto Stock Exchange** (TSX), Algonquin's 2020 total shareholder return of 19% outperformed both the TSX Composite and TSX Capped Utilities indices at 6% and 15%, respectively, over the same timeframe.

Total shareholder return outperformance

Similarly, on the **New York Stock Exchange** (NYSE), Algonquin's 2020 total shareholder return of 22% outperformed the American stock index and Utilities stock index at 18% and 3%, respectively, over the same timeframe.

Diversity, equity, and inclusion

Diversity, equity, and inclusion appear to be important values for the company. Algonquin was recently recognized in the Bloomberg Gender Equality index for the second year in a row and in the *Globe and Mail's* Women Lead Here benchmark.

Significant female leadership

Recently, Algonquin also welcomed Carol Leaman to the company's board of directors, whose knowledge and experience helps strengthen the skills and diversity of the company's board. Algonquin's board of directors and executive management team are now comprised of 40% and 38% of female leadership, respectively.

Robust executive-succession plan

Executive succession plan has also been a focus for the company, recently. In fiscal 2020, Algonquin saw important changes on the leadership front. Last year, Algonquin bid farewell to the company's founders Ian Robertson, who served as CEO and director, and Christopher Jarratt, who served as vice chair and director, since the company's inception.

Focused on launching the largest growth and capital-expenditure program

Overall, despite the executive changes, Algonquin has transitioned well and with the company's new leadership team at the helm, the company appears focused on launching the largest growth and capital expenditure program in the company's history. At Algonquin's fiscal 2020 Analyst and Investor Day, Algonquin announced an updated five-year strategic and capital-expenditure plan, with approximately \$9.4 billion of growth opportunities allocated across the regulated services and renewable energy business groups from 2021 through 2025.

In summary, Algonquin's market-beating returns should continue as the economy improves.

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