



## Algonquin's Q1 Earnings Show it's 1 of the Safest Stocks You Can Buy

### Description

In the current market environment, utility stocks are among the best and safest stocks you can buy. So, it's understandable that investors have been anxious to see how **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has been performing lately and where it can go from here.

Typically, [utility stocks](#) are lower-risk investments in many ways. The stocks aren't very volatile. But that's a result of having highly safe and robust operations with predictable growth.

Algonquin is slightly different from other utility stocks, because it offers considerable exposure to green energy. The company is still incredibly defensive, though. Roughly two-thirds of its business still comes from its utility segment. Plus, renewable energy generation is also a highly defensive industry.

This makes Algonquin an attractive long-term investment. It's still incredibly safe and reliable, but the company increases its long-term growth potential by having exposure to renewable energy.

So, without further ado, let's see how Algonquin, one of the safest Canadian stocks, performed in the first quarter and why it's worth a buy today.

### Algonquin's solid earnings lead to a 6% dividend increase

In the first quarter of 2022, Algonquin reported revenue of \$735.7 million, an increase of 16% compared to the first quarter of last year. These sales led Algonquin to report adjusted earnings per share of \$0.21, which is right in line with the consensus estimate and a penny more than it did in 2021.

These are solid earnings, especially while many other companies struggle in the current market environment, showing investors that Algonquin is one of the safest stocks you can buy.

In addition, Algonquin's adjusted [EBITDA](#) was also in line with consensus estimates coming in just slightly below. However, with the stock earning over \$330 million in adjusted EBITDA in the quarter, it was significant growth from the \$283 million it earned last year.

This impressive growth led Algonquin, one of the best Canadian Dividend Aristocrat stocks, to increase its dividend again. This year the dividend increase is an attractive 6%. So, the total annual dividend is now US\$0.7233 per share, which equates to a yield of roughly 5.4% as of Thursday's closing price.

## Algonquin is one of the safest stocks to buy in this environment

The significant dividend yield that Algonquin offers, in addition to how diversified its operations are, are two of the main reasons why it's one of the safest stocks you can buy today.

The reason it can pay such an attractive and reliable [dividend](#) is because its operations are highly defensive. As a result, utility stocks have always been some of the best to buy if you're looking for predictable and stable long-term growth potential.

These stocks will never grow rapidly as a tech stock might. However, they are extremely defensive, and governments regulate the industry. So, their future income is a lot more predictable, which is why they are some of the safest stocks you can buy.

Therefore, when you consider that Algonquin has sold off recently, it's now considerably cheap, especially for a stock that's not very volatile. In fact, as of Thursday's close, Algonquin trades at a forward price-to-earnings ratio of just 18.1 times.

Therefore, Algonquin is one of the best and safest stocks you can buy to help shore up your portfolio in this market environment.

### CATEGORY

1. Dividend Stocks
2. Investing

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