



Missed Out on Canadian Energy Stocks? My Best Dividend Stock to Buy and Hold

Description

Canadian energy stocks sure have outperformed in the last couple of years. In fact, the TSX Energy Index soared more than 170% in this time period. After years of being shunned and ignored, energy stocks are finally having their day. If you've missed out on this spectacular rally, I'm here to tell you that it's not too late.

Although you're not early to the party, you have by no means ran out of time to get in on the action. In this article, I will discuss my best dividend stock to buy and hold. It's one that can give you upside from the continued good fortunes of the energy sector plus the stability of the utilities business.

Altagas: So much more than a Canadian energy stock

Altagas Ltd. ([TSX:ALA](#)) is an energy infrastructure giant with more than \$20 billion in assets and a strong position in two distinct areas. The first is the [utilities business](#), which is comprised of regulated natural gas utilities. The second is Altagas' midstream segment. This business includes natural gas gathering and processing assets, as well as natural gas export terminals. These terminals support Altagas' global export platform.

The business is roughly evenly split between the two segments, with each enjoying their own strengths. The utilities segment, for example, is a beacon of predictability and stability. This segment is regulated and enjoys a very defensive income stream that's not tied to the economy. The midstream segment, on the other hand, is the faster growth segment. [Natural gas supply/demand fundamentals drive this](#) segment. As these fundamentals have been strong, so too has this business for Altagas.

Record demand for Altagas' exports

Through Altagas' export facilities, it is exporting record amounts of propane and butane to a variety of Asian markets. Altagas has seen its volumes of liquified petroleum gas (LPG) go from zero three years ago to 111,000 barrels a day last quarter. Also, in the latest quarter, volumes increased 27% versus

the prior year. These record volumes are supporting strong earnings growth for the midstream segment.

For those of you still thinking that you've missed out on the energy stock boom, take a closer look at Altagas. Just last month, Altagas gave an update on its business. For 2023, management is forecasting a 6% dividend increase. Also, an estimated earnings growth rate of approximately 4% is expected. While this is not as high as the type of earnings growth coming from energy stocks, it comes with a few very desirable features.

For example, Altagas' diversified business is a resilient one that's not as vulnerable to the wild swings of the cyclical oil and gas business. This is by design – the aim is to deliver resilient and durable value for shareholders. I like that Altagas provides this downside protection while also maintaining exposure to the booming natural gas export business.

All energy dividend stocks are not equal

It's true that many energy stocks are trading closer to highs than lows at this time. This is why the downside protection that Altagas gives us is so invaluable. With its growing dividend and stable and predictable business, Altagas offers both growth and safety. All of this adds up to Altagas coming in first as my absolute best dividend stock recommendation to buy and hold.

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