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Stock Selection Guide

Company	Algonquin Power		Date	07/09/21	
Prepared by	FINN		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Utilities - Renewable		

Capitalization --- Outstanding Amounts		Reference		
Preferred ($M)		184.3	% Insiders	% Institution
Common (M Shares)		605.2		29.8
Debt ($M)	6,353.4	% to Tot Cap	54.6	% Pot Dil	0.9

Symbol: AQN

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY 2021 Q1	Sales ($M)	Earnings Per Share
Latest Quarter	635	0.09
Year Ago Quarter	465	-0.13
Percentage Change	36.5%	169.2%
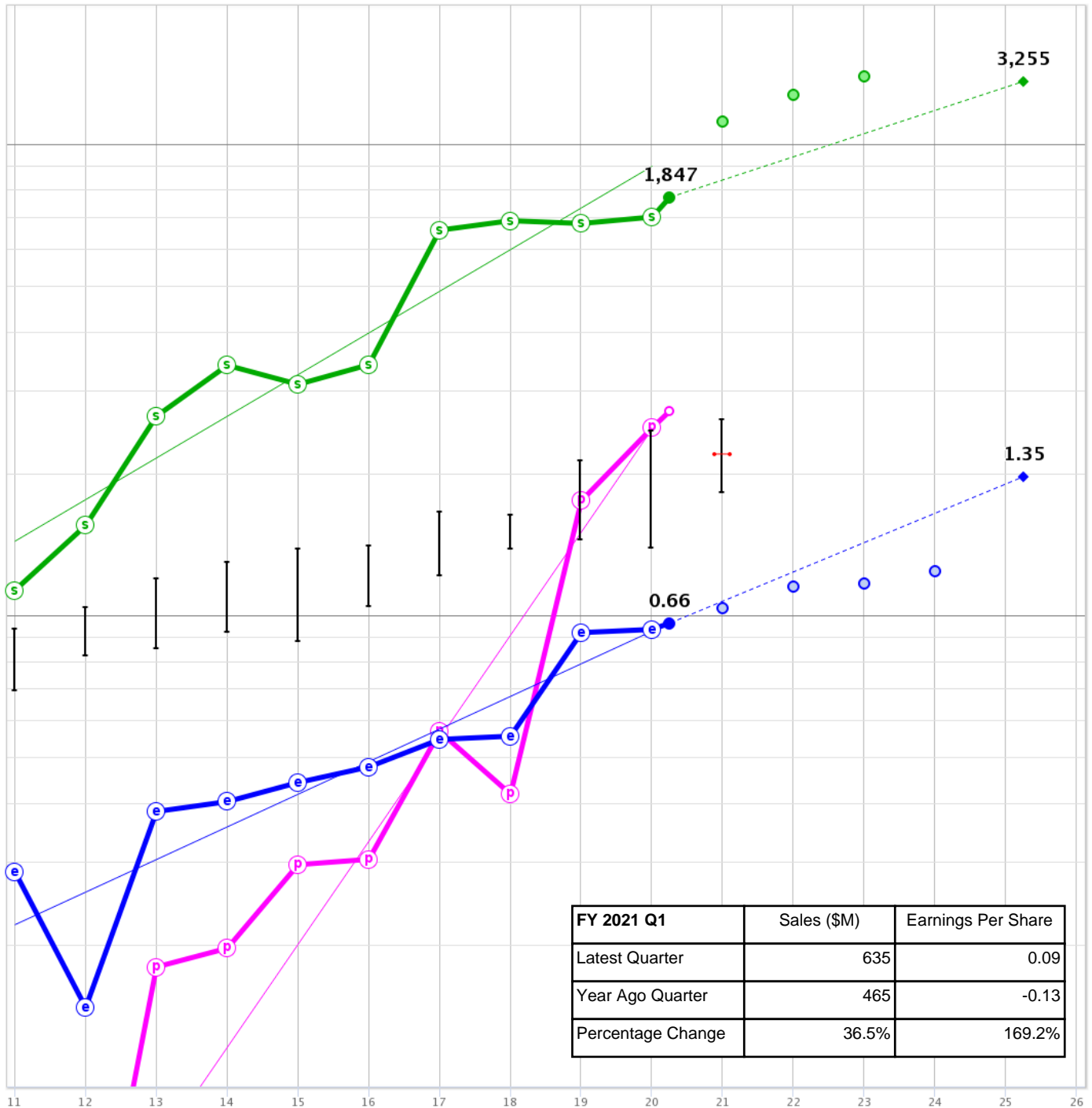
(1) Historical Sales Growth	22.6%	(3) Historical Earnings Per Share Growth	17.3%
(2) Estimated Future Sales Growth	12.0%	(4) Estimated Future Earnings Per Share Growth	15.4%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Last 5 Year Avg.
Pre-tax Profit on Sales	1.5%	2.6%	9.0%	7.7%	12.7%	11.8%	11.4%	8.0%	34.2%	47.3%	22.5%
% Earned on Equity	6.2%	2.4%	6.9%	6.8%	6.9%	7.3%	7.7%	6.4%	10.2%	8.4%	8.0%
% Debt To Capital	47.0%	45.7%	56.8%	45.7%	43.4%	69.0%	53.1%	51.2%	55.9%	51.3%	56.1%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 15.07 (07/09/21)   **HIGH THIS YEAR** 17.86   **LOW THIS YEAR** 12.45

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2016	9.6	7.2	0.33	29.4	21.9	0.41	126.5	5.8
2017	11.3	8.3	0.37	30.3	22.3	0.47	124.7	5.6
2018	11.2	9.5	0.38	29.4	24.9	0.50	131.8	5.3
2019	14.6	9.9	0.63	23.2	15.7	0.55	87.5	5.6
2020	16.9	9.5	0.64	26.3	14.9	0.61	94.7	6.4
AVERAGE		8.9		24.8	15.3		91.1	
CURRENT/TTM			0.66			0.68	103.4	
AVERAGE PRICE EARNINGS RATIO: 20.0				CURRENT PRICE EARNINGS RATIO: 22.8				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E   24.8   X Estimate High Earnings/Share   1.35   =   Forecasted High Price $ 33.5

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   8.2   X Estimate Low Earnings/Share   0.66   =   Forecasted Low Price $ 5.4

(b) Avg. Low Price of Last 5 Years   8.9

(c) Recent Market Low Price   9.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}}$ = $\frac{0.68}{6.36\%}$ = 10.7

Selected Forecasted Low Price $ 9.5

C ZONING   using 25%-50%-25%

Forecasted High Price   33.5   Minus Forecasted Low Price   9.5   =   24.0   Range.   25% of Range   6.0

Buy Zone	9.5	to	15.5
Hold Zone	15.5	to	27.5
Sell Zone	27.5	to	33.5

Present Market Price of   15.07   is in the   **BUY**   Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} \quad 33.5 \quad \text{Minus Present Price} \quad 15.07}{\text{Present Price} \quad 15.07 \quad \text{Minus Low Price} \quad 9.5}$ = $\frac{18.43}{5.54}$ = 3.3   To 1

E PRICE TARGET   (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} \quad 33.5}{\text{Closing Price} \quad 15.07}$ = 2.2229   X   100   =   222.29   -   100   =   122.3   % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend} \quad 0.61}{\text{Closing Price} \quad 15.07}$ = 0.0453 = 4.5 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E   **AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\frac{90.0\%}{24.80}$ = 3.6 % $\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\frac{90.0\%}{16.50}$ = 5.5 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	17.3 %	Annualized Appreciation	8.1 %
Average Yield	3.6 %	Average Yield	5.5 %
Annualized Rate of Return	21.0 %	Annualized Rate of Return	13.6 %