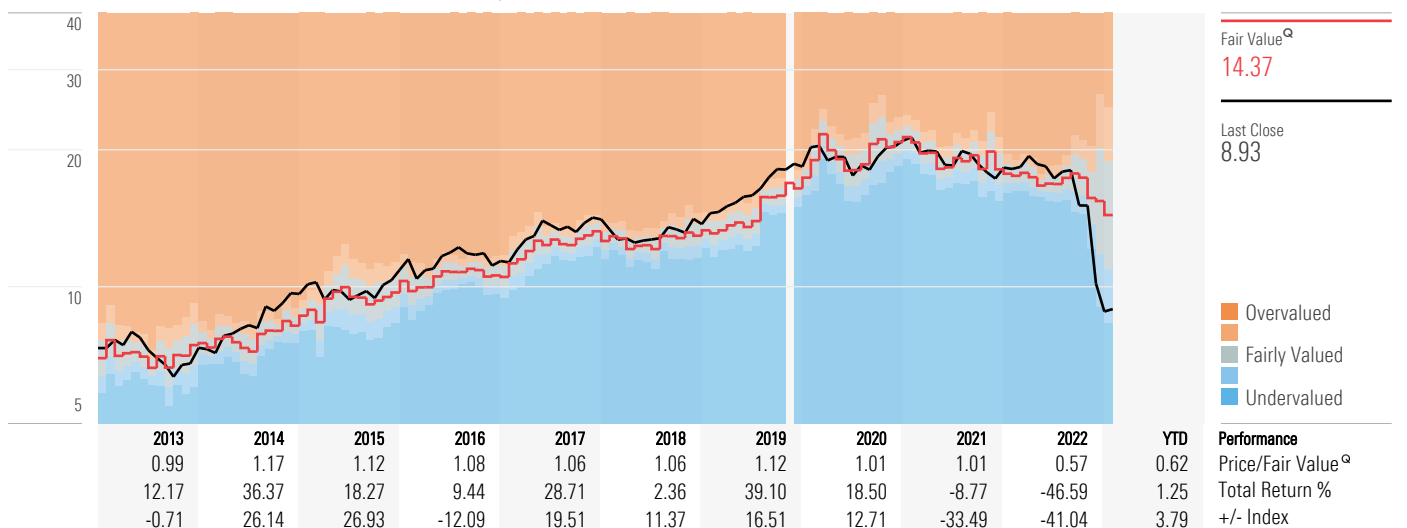


Algonquin Power & Utilities Corp **AQN** ★★★ 13 Jan 2023, 23:59 UTC

Economic Moat ☐	Uncertainty ☐	Price/Fair Value ☐	ESG Risk Rating Assessment	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.6	4 Jan 2023 06:00, UTC	10.59	6.5132 Bil	Mid Value	Utilities	Utilities - Renewable



As of 13 Jan 2023 | Index: Morningstar Canada GR CAD. Fair Value data as of 13 Jan 2023, 23:59 UTC.

The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Head of Manger and Quantitative Research, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Code of Ethics and Investment Research Integrity Policy of Morningstar Research Services LLC, a subsidiary of Morningstar, Inc. Morningstar's Quantitative Research team, which consist of employees of Morningstar, Inc., are guided by Morningstar, Inc.'s Code of Ethics. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Valuation ^Q as of 13 Jan 2023



Fair Value ^Q
14.37
Uncertainty ^Q :
Very High

Last Close
8.93

AQN is Under Valued at a 38% discount.

Economic Moat ☐
None
Financial Health ☐
Moderate

1-Star Price ^Q
> 24.83
5-Star Price ^Q
< 8.32

Financials as of 13 Jan 2023 (Fiscal Year End 31 Dec 2022)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
Revenue (Mil)	634	811	741	815	1,522	1,648	1,626	1,677	2,285	—	2,027	Revenue (Mil)
Operating Income (Mil)	97	119	131	174	368	373	353	343	378	—	376	Operating Income (Mil)
Operating Margin (%)	15.31	14.65	17.7	21.39	24.21	22.65	21.68	20.48	16.55	—	18.53	Operating Margin (%)
Net Income (Mil)	14	57	77	90	141	177	522	774	256	—	-144	Net Income (Mil)
Diluted Earnings/Share	0.07	0.27	0.30	0.33	0.37	0.38	1.04	1.37	0.41	—	-0.21	Diluted Earnings/Share
Operating Cash Flow (Mil)	93	166	189	214	327	530	611	505	157	—	404	Operating Cash Flow (Mil)
Capital Spending (Mil)	-149	-372	-147	-302	-565	-466	-581	-786	-1,345	—	-897	Capital Spending (Mil)
Free Cash Flow (Mil)	-56	-206	42	-88	-239	64	30	-281	-1,188	—	-493	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	206	216	257	274	386	466	505	564	629	—	676	Avg Shares Outstand(Mil)
Dividend Per Share	0.33	0.35	0.38	0.41	0.47	0.50	0.55	0.61	0.67	0.71	0.98	Dividend Per Share

Valuation as of 13 Jan 2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
Price/Fair Value ^Q	0.99	1.17	1.12	1.08	1.06	1.06	1.12	1.01	1.01	0.57	0.62	Price/Fair Value ^Q
Price/Sales	2.20	2.19	2.54	2.98	2.82	2.69	4.32	5.52	4.03	1.67	1.71	Price/Sales
Price/Earnings	28.24	34.59	24.34	27.85	29.41	24.97	17.80	20.04	14.19	92.95	95.35	Price/Earnings
Price/Cash Flow	16.45	15.67	9.60	12.02	12.28	8.80	11.34	17.97	42.92	8.24	8.45	Price/Cash Flow
Price/Book	1.81	2.03	1.78	1.89	2.29	1.71	2.28	2.15	1.95	0.86	0.88	Price/Book

Operating Performance as of 13 Jan 2023 (Fiscal Year End 31 Dec 2022)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
Return on Assets	0.46	1.68	2.16	1.84	2.0	1.99	5.15	6.41	1.71	—	-1.12	Return on Assets
Return on Equity	1.76	5.96	6.53	7.14	7.62	6.4	15.63	17.77	4.78	—	-3.73	Return on Equity
Rtn on Invested Capital	2.84	4.44	4.6	4.55	5.1	4.18	8.13	9.84	2.98	—	-1.23	Rtn on Invested Capital

Business Description

Algonquin Power & Utilities Corp, a parent company of Liberty, is a diversified international generation, transmission, and distribution utility with over \$16 billion of total assets. Through its two business groups, the Regulated Services Group and the Renewable Energy Group, AQN is committed to

providing safe, secure, reliable, cost-effective, and sustainable energy and water solutions through its portfolio of electric generation, transmission, and distribution utility investments to over one million customer connections, largely in the United States and Canada. AQN provides renewable energy through its portfolio of long-term contracted wind,

solar, and hydroelectric generating facilities.

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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

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i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

One-Star – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

Two-Star - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

Three-Star – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

Four-Star – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

Five-Star – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

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i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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