

Algonquin Power & Utilities Corp

Are we at peak uncertainty? Reset and management key questions ahead

Reiterate Rating: NEUTRAL | PO: 6.00 USD | Price: 6.09 USD

The big questions remain open heading into 2024

AQN enters 2024 with among the most uncertain outlooks in the space. The sale of its unregulated renewables business is the single largest unknown, specifically with respect to timing, price, and buyer. Mgmt. has indicated that a deal could be signed by midyear with financial close possible by year end. The proceeds ultimately received will drive forward expectation on remainco balance sheet, the security of the dividend, and capex / rate base growth for the core regulated business. Sales of large renewables portfolios have slowed down in recent months with fewer publicly available comps – AEP, DUK, and ED remain the most commonly-cited benchmarks suggesting a 9.5-11.0x EBITDA range. We reiterate our Neutral rating on AQN with PO C\$8 for AQN CN and \$6 for AQN US.

Atlantica stake, CEO, among the key open items too

Messaging around the Atlantica Sustainable (AY) stake has been unclear with AQN mgmt. sticking to reiterating the goal of becoming 100% regulated but also not including the stake as part of the formal renewables process. Expect AY's strategic review to drive timing with a fairly protracted time frame thus far. The search for top mgmt. remains in progress having kicked off last August, we expect a successor to come in with substantial regulated utility experience (similar to current interim CEO).

Are we there yet? Stabilizing at a wide discount: Neutral

Investor sentiment remains mixed on AQN with some seeing a value play in the very early stages of turnaround and some seeing too many unquantifiable risks at present. Shares have stabilized at around a ~20% discount to the peer group of late, albeit based on low-conviction Street consensus estimates. Investor holdings reported by Bloomberg skew in favor of hedge funds as top holders, with traditional institutional investors not involved in meaningful size at present.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.71	0.69	0.53	0.51	0.49
GAAP EPS	0.41	(0.33)	0.53	0.51	0.49
EPS Change (YoY)	10.9%	-2.8%	-23.2%	-3.8%	-3.9%
DPS	0.67	0.69	0.43	0.43	0.43
EPS (YAQN - C\$)	0.89	0.90	0.72	0.69	0.66
DPS (YAQN - C\$)	0.84	0.90	0.59	0.59	0.59
Valuation (Dec)					
P/E	8.6x	8.8x	11.5x	11.9x	12.4x
GAAP P/E	14.9x	NM	11.5x	11.9x	12.4x
Dividend Yield	11.0%	11.4%	7.1%	7.1%	7.1%
EV / EBITDA*	4.2x	3.6x	3.7x	3.5x	3.4x
Free Cash Flow Yield*	-28.3%	-11.2%	-3.5%	0.8%	2.0%

* For full definitions of *IQmethod*SM measures, see page 7.

26 January 2024

Equity

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Stock Data

Price (NYS / TOR)	6.09 USD / 8.21 CAD
Price Objective	6.00 USD / 8.00 CAD
Date Established	5-Oct-2023 / 5-Oct-2023
Investment Opinion	B-2-8 / B-2-8
52-Week Range	4.90 USD - 9.14 USD
Market Value (mn)	4,197 USD
Free Float	99.7%
Average Daily Value	25.84 USD
Shares Outstanding (mn)	689.1 / 689.1
BofA Ticker / Exchange	AQN / NYS
BofA Ticker / Exchange	YAQN / TOR
Bloomberg / Reuters	AQN US / AQN.N
ROE (2023E)	7.3%
Net Dbt to Eqty (Dec-2022A)	104.2%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

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Timestamp: 26 January 2024 11:44AM EST

AEP: American Electric Power
DUK: Duke Energy
ED: Consolidated Edison

iQprofileSM Algonquin Power & Utilities Corp

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	2.7%	4.5%	3.9%	4.2%	4.3%
Return on Equity	8.3%	8.7%	7.3%	7.4%	7.6%
Operating Margin	17.1%	14.5%	25.8%	27.3%	27.2%
Free Cash Flow	(1,188)	(470)	(146)	32	83

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	0.4x	1.3x	2.2x	1.9x	2.0x
Asset Replacement Ratio	3.3x	2.4x	2.1x	1.5x	1.3x
Tax Rate	NM	16.6%	NM	8.2%	7.9%
Net Debt-to-Equity Ratio	78.6%	104.2%	108.7%	113.4%	118.0%
Interest Cover	1.9x	1.4x	1.4x	1.6x	1.8x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	2,285	2,765	2,473	2,615	2,673
% Change	36.3%	21.0%	-10.6%	5.7%	2.2%
Gross Profit	901	1,089	1,217	1,307	1,340
% Change	16.6%	20.9%	11.7%	7.4%	2.5%
EBITDA	3,765	4,477	4,332	4,596	4,745
% Change	31.6%	18.9%	-3.2%	6.1%	3.2%
Net Interest & Other Income	(195)	159	(391)	(415)	(446)
Net Income (Adjusted)	442	468	365	371	375
% Change	23.4%	5.8%	-21.9%	1.6%	1.2%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	106	(404)	194	169	136
Depreciation & Amortization	403	456	461	473	500
Change in Working Capital	(522)	(222)	64	(28)	(12)
Deferred Taxation Charge	(51)	(69)	0	0	0
Other Adjustments, Net	221	859	91	106	123
Capital Expenditure	(1,345)	(1,089)	(956)	(688)	(664)
Free Cash Flow	-1,188	-470	-146	32	83
% Change	-322.9%	60.4%	69.0%	NM	162.7%
Share / Issue Repurchase	982	39	0	0	3
Cost of Dividends Paid	(307)	(379)	(299)	(316)	(332)
Change in Debt	(48)	1,289	349	286	247

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	161	58	95	97	98
Trade Receivables	403	528	472	499	511
Other Current Assets	374	509	459	465	469
Property, Plant & Equipment	11,042	11,945	12,439	12,654	12,818
Other Non-Current Assets	4,805	4,588	4,588	4,588	4,588
Total Assets	16,786	17,628	18,053	18,303	18,484
Short-Term Debt	356	423	442	458	472
Other Current Liabilities	1,008	1,111	1,113	1,118	1,122
Long-Term Debt	5,855	7,089	7,419	7,689	7,922
Other Non-Current Liabilities	1,865	1,849	1,939	1,939	1,939
Total Liabilities	9,084	10,472	10,912	11,203	11,454
Total Equity	7,702	7,156	7,141	7,100	7,030
Total Equity & Liabilities	16,786	17,628	18,053	18,303	18,484

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Utilities-Other

Company Description

Algonquin headquartered in Oakville, Ontario, Canada is a renewable energy and regulated utility conglomerate with assets in North America and equity investment in Atlantica Yield (AY). Liberty Utilities has operations in 13 states and having 163,000 water customers, 265,000 electricity, and 338,000 gas. Algonquin Power has 35 contracted clean energy facilities representing 1.7GWs of installed capacity. Its 44.2% stake in AY is considered as equity investment at the holding company level.

Investment Rationale

We rate AQN Neutral. The company was able to avoid a dilutive acquisition of Kentucky Power in early 2023 which should help mgmt. to stabilize the balance sheet. Mgmt. is expected to provide updates on asset sales and future capital, but timing details remain uncertain. Expect the current discount to the peer group to persist given below-peer growth and limited visibility into forward earnings.

Stock Data

Average Daily Volume	4,242,848
Shares / Common - Dual Listed	1.00

Quarterly Earnings Estimates

	2022	2023
Q1	0.21A	0.17A
Q2	0.16A	0.08A
Q3	0.11A	0.09A
Q4	0.20A	0.19E

Estimates

Note that AQN began reporting lower earnings due to sharply higher borrowing rates one year ago with Q3 – as we lap these effects the y/y impacts might be lessened, but still are expected to drag particularly as rates move higher vs. prior expectations. Note that our base estimates continue to not reflect a sale of the renewables business or AY stake given challenging market conditions and uncertain timeframe.

We also increase the expected dilution from the convert settlement in 2024 to ~76.6m shares, the upper end of the range reflecting the current equity valuation, having used the average of the range (~70m) previously. This has an incrementally lower impact on our estimates of 0-1c.

AQN continues to have one of the most opaque earnings and growth outlooks in the sector with substantial uncertainty as to when a reset may enable the company to pivot back to sustainable growth. While far from a consensus long (or short) based on our recent investor conversations, we note a distinct lack of consensus on the next leg for shares with most watching for potential renewable asset sale updates as the next catalyst, with incremental detail not expected until mid-year based on the latest mgmt. messaging.

Exhibit 1: AQN estimates – remain below Street across forward years

EPS growth continues to be challenged across the forecast period

EPS	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Renewable Energy Group	0.03	0.08	0.21	0.16	0.13	0.13	0.10	0.12	0.11	0.11
Regulated Services	0.54	0.46	0.33	0.31	0.44	0.47	0.43	0.43	0.42	0.45
Corporate & Other	-0.01	0.12	0.09	0.17	0.14	0.08	-0.01	-0.04	-0.04	-0.02
AQN Consolidated EPS	0.57	0.66	0.63	0.64	0.71	0.69	0.53	0.51	0.49	0.53
Y/Y Growth		15%	-4%	1%	11%	-3%	-23%	-4%	-5%	9%
CAGR from 2021 (\$0.71)						-3%	-13%	-10%	-9%	-5%
CAGR from 2023 (\$0.58)								-4%	-4%	0.2%
Consensus						0.70	0.51	0.54	0.53	0.55
Consensus CAGR off 2021 (\$0.71)						-1%	-15%	-9%	-7%	-5%
Full Year EPS Guidance						0.66-0.69	0.55-0.61			
Prior EPS Estimates		0.66	0.63	0.64	0.71	0.69	0.53	0.51	0.49	

Source: BofA Global Research, Bloomberg

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Valuation

We refresh our valuation to reflect the latest peer group multiples of 13.3x for Electric, 13.9x for Gas, and 18.9x for Water. Applied to our 2026 EPS estimates, the resulting PO is \$6.00 for AQN US (C\$8.00 for AQN CN). We reiterate Neutral given the total return implied by our valuation.

Exhibit 2: AQN valuation

PO \$6.00, reiterate Neutral

	Base Year	PE Multiple	Group EPS CAGR	Effective Base Multiple	
Group Peer Multiple - Electric	2026	13.3x	5.0%	13.9x	
Group Peer Multiple - Gas	2026	13.9x	5.1%	14.6x	
Group Peer Multiple - Water	2026	18.9x	5.0%	19.8x	
Contracted Generation EV/EBITDA	2025	10.0x	0.0%	10.0x	
Regulated Valuation	2026 EPS	Effective Base Multiple	Premium / Discount	Applied Multiple	Equity Value (\$m)
Liberty Utilities - Electric	0.25	13.9x	-3.0x	10.9x	2097
Liberty Utilities - Gas	0.05	14.6x	-3.0x	11.6x	478
Liberty Utilities - Water	0.05	19.8x	-3.0x	16.8x	694
Liberty Power Valuation	2025 EBITDA	Effective Base Multiple	Premium / Discount	Applied Multiple	Enterprise Value (\$m)
Hydro	28	10.0x	-2.0x	8.0x	226
Thermal	12	10.0x	-2.0x	8.0x	94
Wind EBITDA w/o PTCs (ex asset sales)	134	10.0x	-2.0x	8.0x	1073
Solar EBITDA w/o ITCs	51	10.0x	-2.0x	8.0x	411
Renewable DevCo DCF Value					272
Atlantica Sustainable Infrastructure	AY Share Price	Shares (m) Held by AQN			Equity Value (\$m)
Stake in Atlantica Sustainable Infrastructure	19.10	48.963			935
Less: Non-Utility Net Debt					Debt Value (\$m)
Non-Utility Implied Net Debt + Pref Shares					-1495
					Equity Value (\$m)
Algonquin Power & Utilities Equity Value					4786
AQN shares outstanding (m shs)					766.267
AQN Price Objective					6.00
Price Return					0.6%
Dividend yield					5.8%
Total Return Implied (%)					6.4%

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



Price objective basis & risk

Algonquin Power & Utilities Corp (AQN / YAQN)

Our PO of \$6.00 (C\$8.00) is based on a SOTP valuation. We assign P/E multiples on 2025E (13.7x electric, 13.3x gas, 20.4x for water) EPS based on expected 2025 breakdown. We reflect a -3x discount to the peer multiples to reflect risk of capex reductions and lack of clarity on growth prospectively. We back out future tax differential stemming out of tax rate normalization.

We value AQN's non-reg on EV/EBITDA basis. We assign a -2x discount to thermal, hydro, solar, and wind from the peer mult of 10x 2024E EBITDA to reflect the fact that as a likely seller AQN may see pressure on realized pricing.

We valued AQN's 44.2% stake in AY on mark to market basis and net out non-Utility debt.

Our assumed shares o/s numbers reflect our estimated equity issuance including converts in 2025.

Upside risks: 1) Higher USD/CAD F/X rate, 2) Constructive regulatory outcomes, 3) Lower interest rate, 4) Execution on the capital plan, 5) Dividend Growth from AY.

Downside risks: 1) Higher interest rates, 2) Lower USD/CAD F/X rate depending upon the exposure to the US, 3) Dilution risk associated with substantial equity issuance to finance capex, 4) Unfavorable regulatory actions, 5) Increase in Tax rate, 6) AY may not be able to sustain its current dividend levels, 7) Exposure in CA Renewables, 8) Balance Sheet quality, and 9) Natural disasters which could impact utility operating systems.

Analyst Certification

I, Paul Zimbardo, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nextrackr Inc	NXT	NXT US	Julien Dumoulin-Smith



North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith

iQ^{method} SM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQ^{method} SM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQ^{method} are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

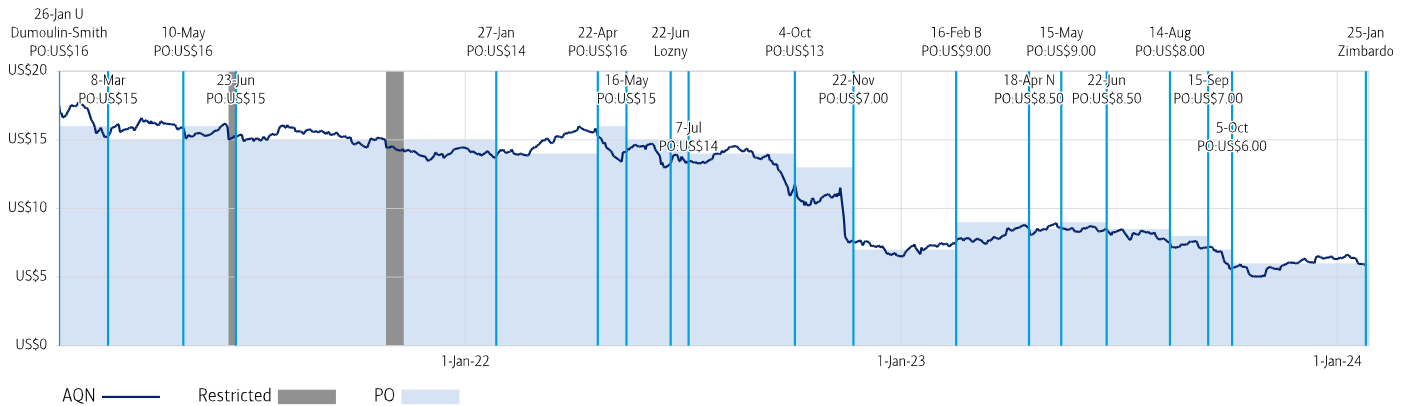
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Disclosures

Important Disclosures

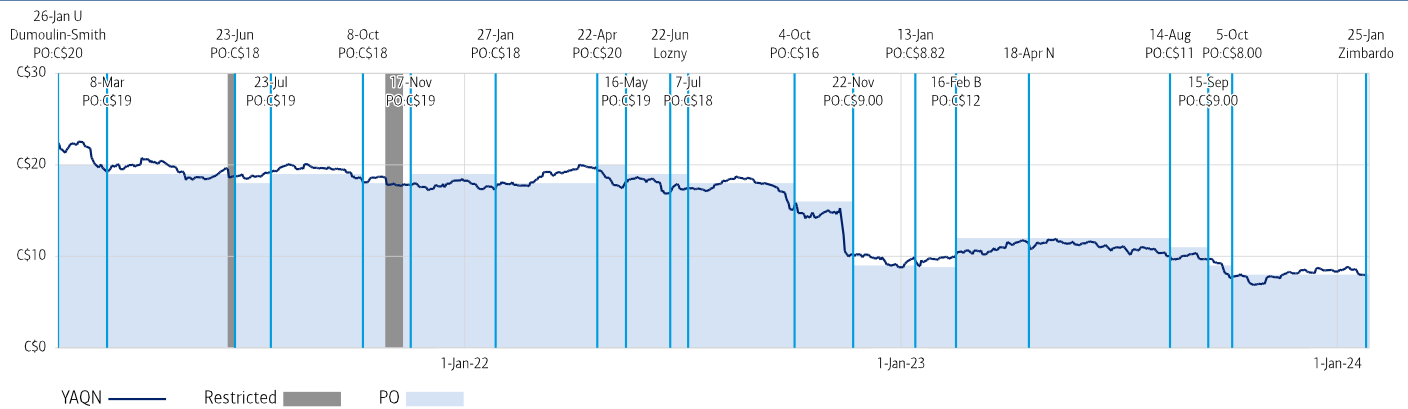
Algonquin Power (AQN) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Algonquin Power (YAQN) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Utilities Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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