



3 Renewable Energy Companies With Big Yields

Description

The collapse in energy prices has brought down many companies in the sector. Renewable energy producers, however, many of which sell their power at regulated rates and volumes, still have the same cost of production and profitability levels. It's a great advantage to have when the rest of your industry has to deal with volatile prices.

Here are three renewable companies with juicy yields to consider.

Years of proven success

While many believe that renewable energy isn't ready for the limelight, **Just Energy Group Inc.** (TSX:JE)(NYSE:JE) has proven that wrong with 18 consecutive years of net customer additions. Today it has roughly 4.6 million total customers. At \$3.9 billion in annual sales, the company claims it supplies nearly 2% of North America's total electricity consumption.

The company's JustGreen Power product makes it possible for customers to get 100% of their electricity from renewable sources. Increasing consumer demand for services like this has led to substantial margin growth.

New commercial customers were signed at an \$84 annual margin last quarter, up from \$80 a year ago. Meanwhile, new residential customers were signed at a \$209 annual margin, up from \$188 a year ago. Increasing demand and profitability should help EBITDA to grow 20% in 2016.

With a sustainable 5.5% dividend, shares are great blend of both growth and income opportunities.

A hydroelectric giant

Innergex Renewable Energy Inc. ([TSX:INE](#)) is an independent renewable-power producer based in Quebec. Roughly 70% of its production comes from hydro projects, 20% from wind, and the remainder from solar. Production is diversified across three provinces and one U.S. state. Multiple energy sources in several regions reduce its exposure to variability in water, wind, and solar regulations in any one market.

The company claims that demand for its production is driven by strong support for decarbonization in addressing climate change, a desire to diversify sources of energy, and the retirement of conventional power plants. In its regions of operation, renewable generation is expected to grow 45%, or 5.4% per year, to 2020.

This growth is clearly resulting in substantial profits. EBITDA last year was \$180 million, up from \$68 million in 2010. Over the same period free cash flow grew to \$69 million from just \$39 million.

Now paying a 5.2% dividend, Innergex is a great option for income-oriented investors looking to diversify their energy exposure.

Valuing stability

Possibly the most reliable company on this list, **Hydro One Ltd.** ([TSX:H](#)) is focused on fully rate-regulated environments, representing 99% of its overall business. Like any other regulated utility, this provides a predictable growth profile, including rate-based additions and pre-approved price increases.

With no direct exposure to electricity-price fluctuations (as the cost of electricity is passed on directly to consumers), Hydro One has a limited risk profile along with the highest credit rating in the industry.

The company is fairly underfollowed, given the fact that it just IPO'd in November. With a 70-80% targeted dividend-payout ratio, its initial dividend is expected to be about \$0.84. That would result in a 3.7% yield. While that's outpaced by the other companies on this list, it is certainly the safest.

CATEGORY

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TICKERS GLOBAL

1. TSX:INE (Innergex Renewable Energy)

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