



Take Advantage of the Move to Renewable Energy With Brookfield Renewable Energy Partners L.P.

Description

The secular trend to clean renewable sources of energy continues to gain momentum. The Paris climate change agreement, which is set to enter into force in 2020, is the first universal, legally binding climate change deal. It aims to prevent dangerous global temperature changes by limiting global warming to well below 2°C. For this to be achieved, the agreement focuses on removing fossil fuels from the global energy mix.

There is one company that allows investors to benefit from this secular trend: **Brookfield Renewable Energy Partners L.P.** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Now what?

Brookfield Renewable Energy operates a globally diversified portfolio of renewable energy assets across 14 power markets in Latin America, North America, and Europe. Its core focus is on hydroelectricity, and its assets have the ability to generate in excess of 7,000 megawatts.

It also remains focused on growing its portfolio through a combination of acquisitions and organic growth. Earlier this year, Brookfield Renewable Energy entered the fast-growing Colombian energy market by purchasing a 57% controlling interest in **Isagen S.A.**, one of Colombia's largest hydroelectricity producers, from the Colombian government.

Brookfield Renewable Energy also has 127 megawatts of hydroelectric and biomass development projects in Brazil as well as a 14 megawatt wind project in Ireland under development. These projects remain on schedule and are expected to be completed between 2016 and 2018.

In conjunction with the acquisition of Isagen, these projects will underpin Brookfield Renewable Energy's long-term earnings growth.

In fact, Brookfield Renewable Energy has an enviable growth history; its adjusted earnings before income taxes, depreciation and amortization, or EBITDA, grew by 1.5 times between 2010 and 2015.

This solid financial growth has underpinned regular hikes of its distributions, which have increased for the last five years straight to now offer investors a juicy 6% yield. Brookfield Renewable Energy even increased its 2016 distribution by 7%, despite delivering some disappointing 2015 full-year results that saw net income fall by 49% because of low inflows across its hydro systems in North America.

These distributions also appear sustainable because they are less than 100% of its funds from operations.

So what?

Renewable energy has a long history of overpromising but underdelivering for investors, making it somewhat unpopular as an investment. Nonetheless, it is a fast-growing industry that has considerable tailwinds supporting its growth, and it continues to gather considerable attention.

When this is considered in conjunction with Brookfield Renewable Energy's high-quality portfolio of renewable energy assets, its geographical diversification, and expertise in the field, it should experience significant growth over the long term. This makes it a credible investment opportunity for any investor seeking exposure to renewable energy while receiving a sustainable and impressive 6% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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Author

mattsmith

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