



TransAlta Renewables Inc: A Renewable Energy Option for Your Portfolio

Description

Renewable energy companies are a responsible way of harvesting energy that is good for the environment and a way to move away from the problems of fossil fuels.

Many have been waiting for the moment when the prohibitive costs of renewable energy lowered sufficiently to garner some real interest from consumers. And thanks to the oil-price frenzy of the past few years, we might actually be at that point.

Bloomberg New Energy Finance and the United Nations New Energy Program noted in March that renewable energy is growing at a faster pace than what many expected when looking at renewable sources of biomass, geothermal, solar and wind as a percentage of global energy production. Even more shocking is the fact that in 2015, those same renewable sources contributed over 50% of new capacity that was brought online, reaching 10% of the world's production last year.

Once both nuclear and hydroelectric are added on, this figure shoots up to nearly one-third of global power production being renewable.

That being said, there are plenty of renewable energy companies on the market and, bearing in mind the importance of diversifying a portfolio, here's why **TransAlta Renewables Inc.** ([TSX:RNW](#)) might be the right company for your portfolio.

TransAlta Renewables is a Calgary-based company focused on the development, operations, and ownership of renewable power-generation facilities in the Wind, Hydro, and Gas segments.

In terms of output, the company has 18 wind and 13 hydro facilities across British Columbia, Alberta, Ontario, and New Brunswick. The company also has an economic interest in the Wyoming Wind farm. Together these facilities generate nearly 2,500 MW of power across 32 renewable facilities, making TransAlta Renewables the largest wind power generator in Canada and one of the largest producers of hydro power in Canada, the U.S., and Australia.

The company is a subsidiary of **TransAlta Corporation**, which owns a 64% stake in the renewables company.

In the most recent quarter, the company posted comparable EBITDA of \$94.6 million for the quarter, and \$260.8 million for the entire year. The yearly figure came in higher than expected thanks in part to the company acquiring the Australian assets of the TransAlta parent company, which contributed \$79.6 million to the figure since May.

Net earnings per share came in at \$0.45 for the quarter and \$0.91 for the full year. The company pays out a monthly dividend of \$0.07, giving TransAlta Renewables a yield of 7.03%.

The stock currently trades at \$12.50, and is up by 20% year to date and over 35% in the past three months.

In my opinion, TransAlta Renewables is a great investment for those seeking long-term growth, dividends, or diversification of their portfolios with a clean-energy stock.

The company has the results, dividends, and vision to ensure that shareholders will see a return on their investment, and with the market seriously turning towards renewables, this may be an opportune time to get a small position in the company.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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