



## 2 Wind Energy Stocks I'd Buy With an Extra \$10,000

### Description

Wind energy is one of the world's fastest-growing sources of electricity, because building and operating a wind farm is more cost effective than building and operating a coal, hydroelectric, or nuclear power facility. Wind farms also provide stable long-term cash flows for the companies that own them, and this allows them to return a significant amount of capital to their shareholders via dividend payments.

With all of this in mind, let's take a look at two wind energy stocks with high and safe yields of 3-8% and room for further growth that you could buy today.

#### 1. Pattern Energy Group Inc.

**Pattern Energy Group Inc.** (TSX:PEG)(NASDAQ:PEGI) is one of the world's largest independent generators of wind power with 16 facilities in operation across the United States, Canada, Chili, and Puerto Rico. It pays a quarterly dividend of US\$0.381 per share quarterly, or US\$1.524 per share annually, which gives its stock a yield of about 7.4% at today's levels.

It is also very important for investors to make three notes.

First, Pattern has raised its dividend for eight consecutive quarters.

Second, its numerous dividend hikes over the last year have it on pace for fiscal 2016 to mark the third consecutive year in which it has raised its annual dividend payment.

Third, the company has a target dividend-payout ratio of 80% of its cash available for distribution (CAFD), and it expects its annual CAFD to be in the range of \$125-145 million in fiscal 2016, which would result in growth of 35-57% from fiscal 2015. If Pattern can achieve this projected growth, I think its streak of quarterly and annual dividend increases can continue going forward.

#### 2. Boralex Inc.

**Boralex Inc.** (TSX:BLX) is the largest producer of onshore wind power in France and one of the leading producers of wind, hydroelectric, thermal, and solar power in Canada, the United States, and

France with 55 facilities in operation across those countries. It pays a quarterly dividend of \$0.14 per share, or \$0.56 per share annually, which gives its stock a yield of about 3.4% at today's levels.

It is also very important for investors to make two notes.

First, Boralex's 7.7% dividend hike in February has it on pace for fiscal 2016 to mark the first year in which it has raised its annual dividend payment since it initiated its dividend in 2014.

Second, it has a medium-term target dividend-payout range of 40-60% of its discretionary cash flows (DCF), and it expects its annual DCF to reach \$70 million in fiscal 2017, which would result in growth of 45.7% from fiscal 2015. If Boralex can achieve this projected growth, I think fiscal 2016 could mark the starting point to an extensive streak of annual dividend increases.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
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