



Buy Innergex Renewable Energy Inc. and Watch Your Portfolio Grow

Description

Innergex Renewable Energy Inc. ([TSX:INE](#)) is a long-standing staple of the renewable energy industry with a history of producing renewable energy for over 25 years.

The company has hydro, wind, and solar components with over 700 MW of power production across 34 facilities. The company also has an additional four sites under construction, which should boost production capacity to nearly 900 MW.

There are countless reasons to add a renewable energy company to your portfolio, but when it comes to Innergex, there are some really compelling reasons. Here's a look at a few of them.

Innergex and the renewable moat

One advantage of renewable energy companies that I really like is what I refer to as the renewable moat. While the costs of constructing a renewable energy facility have dropped in recent years, there are still cost-prohibitive factors that will deter some new entrants from entering the market.

Once new renewable energy facilities come online, the costs associated with running the facility drop significantly, which results in higher revenues and profit for the company operating the facility. Add to this the fact that demand for power facilities is constantly growing, and you end up with a lucrative model for Innergex that will provide profits over the long term.

Growth prospects

In the past six years, Innergex has doubled production and, given the number of new acquisitions and construction projects underway, it seems likely to continue this trend.

Innergex recently announced the acquisition of seven wind power projects that have an installed capacity of 87 MW. The wind power facilities are located in the north and central regions of France. The price of the deal is reported to be approximately \$50 million. All electricity produced through the new facilities will be sold under an existing power-purchase agreement at fixed prices for 15 years.

The company also has four ongoing construction projects that are all targeted to be operational within the next two years. Those projects should provide a 25% boost in capacity once online.

Strong results, dividends, and future prospects

Innergex recently announced first-quarter results that showed across-the-board improvements. Revenue was up by 8%, coming in at \$62.5 million when compared with the same quarter last year. Adjusted EBITDA was also up by 11% over the same quarter last year, coming in at \$47.7 million, and earnings per share came in at \$0.07 for the quarter.

Innergex currently trades just shy of \$15, flirting with the 52-week high of \$14.97. Year-to-date, the stock is up by an incredible 30.27%, and investors looking over the long term will be particularly pleased with the 50.61% return over the past five years.

In addition to the growth prospects of the company, Innergex also pays out a quarterly dividend of \$0.16 per share, giving the stock a yield of 4.34%. The dividend payout is not only impressive, but has been raised consecutively over the past few years and, given the company's ongoing growth targets, there's no reason to suggest that the dividend growth will stop anytime soon.

In my opinion, Innergex remains a strong option for those looking to diversify their portfolios with a renewable energy stock. Innergex has the ongoing revenue, growth prospects, and dividend payout to make it an attractive offering for almost any investor.

CATEGORY

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2. Investing

TICKERS GLOBAL

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Date

2025/08/01

Date Created

2016/05/17

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