



A Top Income-Growth Opportunity With Global Exposure

Description

In the last decade investments allowed the advancement of renewable energy technologies. The improved efficiency of renewable energy generation has raised its capacity and usage globally.

Growing global renewable energy capacity

The Ren21 2015 report revealed that new power capacity from renewables exceeded that of coal and gas combined in 2014. By the end of 2014, 22.8% of the world's electricity was generated by renewables, which grew 19.1% in 2013. Of the 22.8%, hydropower generated the bulk of electricity with 16.6% and wind power generated 3.1%.

In 2014 there were US\$270 billion of new investment in renewable energy around the world. Hydropower took the lead with a total capacity of 1,055 gigawatts, and wind power took second place with a capacity of 370 gigawatts.

The top countries for hydropower capacity and generation include Canada, the United States, and Brazil. The United States is also a top country for wind power generation. **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) has renewable assets in these countries and more.

Portfolio

Brookfield Renewable has a total installed capacity of more than 10,300 megawatts. The company started investing in hydro more than 20 years ago and has developed its expertise and built its leadership position along the way.

Diversified across 81 river systems, Brookfield Renewable's more than 200 hydroelectric-generating stations make up 87% of the company's power generation. Its hydro assets can be found in Canada, the U.S., Brazil, and Colombia. Hydro is the highest-value renewable asset class.

Brookfield Renewable's hydro portfolio is complemented by its wind portfolio of 37 facilities; the wind portfolio makes up 12% of its generation.

There are high barriers to entry in renewables because of significant build or replacement costs and the requirement for deep operational knowledge about power marketing, regulatory compliance, and more. High barriers to entry limit competition.

Stable distributions

Brookfield Renewable generates about 90% of long-term contracted cash flows with inflation-linked escalations. These predictable cash flows support a stable, growing distribution.

Brookfield Renewable offers an above-average yield that grows at an above-average rate. Since 2011 the company has increased its distribution by 6.5% on average per year.

Brookfield Renewable offers a U.S. dollar–denominated distribution that yields 5.7%. The company aims to increase its distribution by 5-9% on average per year.

Conclusion

Brookfield Renewable is an attractive current income and total returns opportunity that benefits from increasing demand globally for carbon reduction and renewable power.

At the end of the first quarter Brookfield Renewable had 7,000 megawatts of global development pipeline to support its growth. The company yields 5.7%, aims to increase its distribution by 5-9% on average per year, and aims to deliver long-term total returns of 12-15%.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

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