



Income Investors: This 5.7% Dividend Is Good for Your Wallet and the Environment

Description

If there is one thing income investors want, it is a generous income stream that will continue flowing and growing for years to come. That is something **Brookfield Renewable Partners L.P.** ([TSX:BEP.UN](#)) ([NYSE:BEP](#)) promises to do; the company aims to grow its already lucrative 5.7% payout by 5-9% annually over the long term. That alone makes it an excellent choice for income investors, who can collect that cash by investing in a company that's providing clean energy to millions of households.

Stable income today

Brookfield Renewable Partners is one of the largest pure-play renewable power businesses in the world. The company currently controls \$28 billion of power assets in seven countries. Those assets have the capacity to generate 10,700 megawatts of clean power that's produced primarily by hydro plants. Further, the company has 90% of that capacity contracted under long-term agreements, which provides it with steady cash flow.

That steady cash flow provides strong support for shareholder distributions. Further solidifying the payout is the fact that Brookfield only distributes 70% of its cash flow, and it has an investment-grade balance sheet with 79% of its debt non-recourse to the parent company. Because of all these factors, the company's lucrative income stream is rock solid for the long term.

Visible growth for tomorrow

That said, not only can investors bank on steady income for the near term, but they can pretty much bank on that income heading higher over the long term. Driving that growth is its proprietary development pipeline as well as a history of making accretive acquisitions.

That development pipeline currently consists of 127 MW of hydro and biomass projects in Brazil and 29 MW of wind projects in Northern Ireland that are under construction. These projects are part of its plans to develop 1,000 MW of projects over the next five years to drive distribution growth.

In addition to that, Brookfield Renewable Partners continues to close a steady stream of acquisitions,

buying 6,500 MW of wind and hydro assets over the past decade. Just last quarter the company acquired a 296 MW hydro portfolio in Pennsylvania as well as increased its stake in Colombian renewable power company, Isagen. Looking ahead, Brookfield Renewable Partners has \$1.2 billion of liquidity to invest in additional renewable power platforms.

The company should not have any problem putting that capital to work given that parent company **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)) is reportedly bidding on two renewable power platforms. In one transaction, Brookfield Asset Management is seeking control of wind and solar company **TerraForm Power Inc.** (NYSE:TERP) after its parent company went bankrupt.

In addition, Brookfield Asset Management is one of the final bidders for utility **Duke Energy Corp.'s** ([NYSE:DUK](#)) Latin American assets, which primarily consist of hydro facilities. If Brookfield secures either deal, it could open up an opportunity for Brookfield Renewable Partners to invest in the transaction, which could drive stronger distribution growth going forward.

Investor takeaway

Investors looking for a steady stream of income should consider investing in Brookfield Renewable Partners. Not only is the current payout on solid ground, but the company has clear visibility to grow the payout for the foreseeable future. That is growth investors can feel good about because it means the company will be supplying more clean energy to the world's power supply.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. NYSE:BN (Brookfield Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BN (Brookfield)

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