



## Northland Power Inc.: Invest in the Future While Receiving a 4.7% Dividend Yield

### Description

**Northland Power Inc.** ([TSX:NPI](#)) is a well-diversified clean-energy company that offers exposure to solar, wind, and thermal power. Renewable energy sources continue to experience rapid growth, as governments are pushing clean energy, and as clean energy has become more competitive in terms of cost.

Northland is participating in this shift and is expanding its footprint locally as well as globally, becoming a bigger player in the fast-growing wind and solar energy businesses. The company estimates that by 2018, 61% of EBITDA will be from its offshore wind segment, 18% from its thermal power segment, 8% from its solar power segment, and 7% from the onshore wind segment.

The dividend yield is lower than what it was a year or two ago, but at 4.66%, it is still very attractive. And the yield is lower for a good reason — that is, due to stock price appreciation. The stock has a one-year return of 3.7% and a three-year return of 32.5%.

In the first quarter of 2017, the company reported strong results as sales increased 104% to \$364 million, and cash provided by operating activities increased 154% to \$276 million. Results benefited from the pre-completion revenues from the company's 600 megawatt offshore wind project in the North Sea in Europe, called Gemini. In fact, the company announced that this project has hit full production after the close of the quarter on April 28, which was ahead of expectations — that's a testament to the company's execution ability.

Another important milestone that investors should pay close attention to is the Nordsee One project, which is a 332-megawatt offshore wind project in the North Sea. The company expects the installation and commissioning of all 54 wind turbines to be complete by the end of 2017.

While the company announced the acquisition of a 252 megawatt German offshore wind project, Deutsche Bucht, Northland is continuing its strategic review process, which means that it is still being looked at by its suitors, and a possible sale of the company is still in the works. This possibility gives upside to the shares, although some of this upside is probably already reflected in the share price. This process will probably dictate where the share price trades in the short term until a resolution is reached.

In summary, Northland Power is a great way for investors to receive an attractive dividend and participate in the clean-energy revolution. Its stable revenue, with 98% of revenues being from long-term power contracts with a weighted average term of over 14 years, and high insider ownership (management owns north of 30% of shares outstanding), mean that the risks are mitigated and that management's interests are fully aligned with shareholders.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Tags

1. Editor's Choice

## Date

2025/07/05

## Date Created

2017/05/12

## Author

karenjennifer

default watermark