

1 Relatively Unheard of Company With Explosive Long-Term Potential

Description

Long-term investors are always on the prowl for companies that will “power” future growth, profiting from the economic booms which have yet to manifest themselves fully in today’s market. With renewable energy seemingly all the rage right now, given the current global push to reduce greenhouse emissions and avoid Armageddon in a few hundred years, I’ve decided to take a look at one relatively unknown Canadian renewable energy company which is poised to power long-term investors’ portfolios for some time to come.

Boralex Inc. (TSX:BLX) is a wind, hydroelectric, solar, and thermal renewable energy producer operating in North America and Europe. The company both develops and operates its facilities, producing a significant amount of energy on an annual basis; total installed capacity for the company currently sits at nearly 1,400 megawatts (MW), with the majority generated in Canada (more than 700 MW).

The company is heavily invested in long-term projects that are locked in with long-term purchase agreements spanning an average of 15 years across the board. The contracts Boralex has been able to secure are expected to be very profitable for the company in the long term, so much so that the renewable energy company’s management team has stated a public goal of moving toward a 2,000 MW installed capacity level by 2020. Such an increase in installed capacity would, in theory, provide more than 30% upside for Boralex’s stock price should the company’s margins improve and the valuation multiple remain the same.

Any time I can see a path to growth that makes sense, with a management team that appears to know what they are doing, and can visualize 30% upside on said company, I get excited.

It turns out I’m not alone. Analysts covering Boralex have given this stock an average 12-month price target of \$24.38, representing more than 10% near-term upside for the company’s stock price over the next 12 months. Each of the eight analysts of Boralex have the company listed as a buy.

Boralex is a company with a modest, yet substantial dividend of 2.7%, which is currently much lower than other industry-leading renewable energy companies traded in Canada, such as **Brookfield Renewable Partners LP**. That said, comparing the two firms, I see much more long-term upside available with Boralex than I do with Brookfield, although I like both firms at current levels.

Bottom line

How the renewable energy industry plays out remains to be seen; however, Boralex is one of the companies long-term investors should be salivating over given the company’s position as a growth play in an industry which continues to expand at breakneck speed.

Stay Foolish, my friends.

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