



Retired? Why Brookfield Renewable Partners LP Is a Must-Buy on the Dip

Description

Brookfield Renewable Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) is an exciting stock that has all of the characteristics of a wonderful long-term business that retirees can rely on. The 5.6% dividend yield is not only attractive for income-oriented investors, but for prudent, long-term dividend-growth investors as well. The company owns over 220 hydroelectric plants and over 40 wind power facilities with over 3,000 megawatts worth of projects in the pipeline that will support dividend hikes for many years to come.

Although a rising interest rate environment is a negative for renewable energy companies, I believe retirees and conservative income investors will do just fine over the long term by owning a renewable energy company as robust as Brookfield Renewable.

The planet's transition to renewable sources of energy is inevitable, and no government wants to stand in the way of this transition. In fact, the government is more likely to be a friend than a foe of a company that's undergoing this transition. That means government subsidies or incentives to spark growth and fewer regulations that hinder operations. It's in the best interest of everyone to accelerate the transition to sustainable energy.

Investor day: a preview of the organic growth to come

The management team at Brookfield Renewable is set to invest heavily in global renewable growth (hydro, wind, and solar) over the next five years, including a massive \$700 million investment in its development pipeline.

Brookfield Renewable is also hoping to invest \$500 million in the U.S. commercial and industrial distribution generation sector over the next few years. The management team believes there's an opportunity to capitalize on the fragmented nature of this industry south of the border.

In addition, hot international markets in China and India have captured the attention of Brookfield Renewable. There's a huge demand for renewables in each of these countries, especially China, which has been looking for a solution to reduce the massive amount of pollution that's been generated over the years.

Bottom line

Shares of BEP.UN trade at a 2.7 price-to-book multiple, a 2.2 price-to-sales multiple, and a 6.9 price-to-cash flow multiple.

The stock isn't a cheap compared to its peers in the renewable space, but if you're a long-term income investor who wants a high-quality company with a solid growth profile, then it makes sense to buy today in spite of the stock's premium valuation.

With Brookfield Renewable, you'll get stability, a high dividend yield, a promising growth trajectory, and, best of all, you get to make a difference in the world's transition to sustainable energy!

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Energy Stocks
2. Investing

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