



## Why Alterra Power Corp. Soared 54.94% on Tuesday

### Description

#### What happened?

Global renewable energy company **Alterra Power Corp.** (TSX:AXY) roared 54.94% higher on Tuesday following an announcement late Monday that **Innergex Renewable Energy Inc.** ([TSX:INE](#)), one of Canada's largest renewable energy companies, would acquire the company for "an aggregate consideration of \$1.1 billion, including the assumption of Alterra's debt."

#### So what?

The price Innergex is paying for Alterra is approximately \$8.25 per share, of which Alterra's shareholders will receive 25% in cash and 75% in shares of Innergex, which equates to approximately \$2.06 in cash and 0.4172 of a common share of Innergex. The acquisition price of \$8.25 per share implies a premium of about 63% from the closing price of Alterra's stock on Monday.

Innergex stated that the acquisition of Alterra would "solidify" its position as a leading producer of renewable energy by adding eight operating projects and three projects under construction to its portfolio, as well as an "extensive pipeline of prospective projects" to its already large project pipeline. The company added that it expects the transaction to be accretive to its distributable cash flow per share upon completion of Alterra's projects currently under construction and some of the advanced-stage prospective projects, and that it supports its goal to reach a net installed capacity of over 2,000 megawatts by 2020.

#### Now what?

Alterra's operating assets will fit perfectly into Innergex's portfolio, and I think the combination of the two highly experienced management teams will make Innergex an absolute force in the industry going forward.

As Alterra's stock soared on Tuesday, Innergex's responded by falling about 4.3%. Even with the decline factored in, Innergex's stock has risen more than 25% since I [first recommended it](#) in June 2015, and I think it represents an even more attractive investment opportunity today, because this

acquisition gives it an immense project pipeline that will accelerate its growth going forward, and because it has a high and safe 4.7% yield with [a track record](#) of dividend growth.

With all of the information provided above in mind, I think Foolish investors seeking exposure to the renewable energy industry should strongly consider using the weakness in Innergex's stock to begin scaling in to long-term positions.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
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## TICKERS GLOBAL

1. TSX:INE (Innergex Renewable Energy)

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