



2 Renewable Energy Stocks for Your Portfolio

Description

The renewable energy segment is one area of the energy sector that holds massive long-term potential that few investors realize, despite increasing awareness of renewables. Nearly one-quarter of all energy produced globally now stems from renewable sources, and renewable energy facilities are increasingly replacing fossil-fuel-burning facilities.

One often overlooked reason to invest in a utility is that most of its revenue comes from regulated agreements. This provides a stable and secure source of revenue returned to investors in the form of dividends. Renewable energy facilities have advantages beyond traditional fossil-fuel-burning companies, making their investment prospects even more attractive.

Investors looking to enter this potentially lucrative sector of the economy should consider one or more of these great investments.

Innergex Renewable Energy Inc. ([TSX:INE](#)) has quietly grown into a renewable energy behemoth over the past few years, with the recent acquisition of Alterra Power Corp. enhancing an already impressive portfolio. The \$1.1 billion deal completed earlier this month and was the largest to date for Innergex, resulting in Innergex becoming the largest renewable energy producer in British Columbia.

Innergex has a diversified mix of geothermal, hydro, solar, and wind facilities located across Canada, the U.S., and in Europe. That level of diversification serves as a conduit for further potential growth as well as a hedge against potential policies shifting away from renewables and back to fossil fuels.

In terms of results, Innergex is set to announce Q4 2017 results later this week, but for the third quarter, the company saw strong revenue growth of 56% over the same period last year, coming in at \$108.2 million. EBITDA saw a similar 60% boost over the same period last year to \$218.7 million. The consensus among analysts for the upcoming quarter has the company posting earnings in the range of \$0.06-0.08 per share.

Investors considering an investment in Innergex will no doubt appreciate the impressive quarterly dividend, which returns an appetizing 4.96% yield. The recent market correction has also pushed the stock price down 7% year to date, making Innergex an intriguing investment at a discounted price.

Another great renewable energy investment worth considering is **TransAlta Renewables Inc.** ([TSX:RNW](#)). TransAlta Renewables operates wind, hydro, and gas elements distributed across 38 locations in the U.S., Canada, and Australia. Most of these facilities are subject to power-purchase agreements that can span upwards of a decade or more, translating into a secure source of revenue for the company.

In addition to that well-diversified portfolio, TransAlta Renewables offers a very lucrative monthly dividend that pays a yield of 8.11%. While that yield may have some investors questioning the long-term stability of that payout, there are encouraging signs that point to that dividend continuing to reward shareholders for the foreseeable future.

Annual dividend growth has averaged 6% across the past five years, and cash generated from operations has steadily increased over the past few years, with fiscal 2016 coming in at \$245 million, and the 2017 outlook estimated to fall within the range of \$235-260 million.

TransAlta Renewables currently trades at just over \$11.50, down over 20% year to date, representing a unique opportunity for investors.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

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1. TSX:INE (Innergex Renewable Energy)
2. TSX:RNW (TransAlta Renewables)

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