2 Green Energy Stocks With Attractive Dividend Yields to Buy for 2019

Description

Energy stocks are on the ascendant after a hard blow to the markets rattled investors over Christmas. The two stocks listed here are fixtures of the green energy sector and offer dividends and security to domestic investors, along with a bit of backbone for the ethical portfolio.

Green investors have long known the benefits of these two alternative energy stocks, but they're listed here for newcomers as well as for those investors who are seeking to diversify into renewables. While they're not the highest growth stocks on the TSX index, these two lean, green energy machines have decent dividends, positive outlooks, and low betas, making them just right for low-risk, passive-income investors.

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN)

A PEG of just over twice growth in a high P/E stock is a reminder that a growth-related multiple doesn't have to be too high to be too high. Mind you, what you're paying for in this stock is moderate growth and therefore capital gains; keep on reading to see what kind of outlook Algonquin Power & Utilities is looking at.

While a P/E of 59.4 times earnings is fairly high, Algonquin Power & Utilities has an acceptable P/B of 1.6 times book, and its share price is discounted by 34% compared to its future cash flow value. That discount has deepened of late, with the share price shedding 3.38% over the Christmas period.

When it comes to that dividend yield of 5.2%, the risk-averse investor may want to be aware of a high debt level of 100.6% of net worth. With a beta of 0.42 indicative of low volatility, a 27.8% expected annual growth in earnings is high enough to make Algonquin Power & Utilities a strong choice for growth investors.

Northland Power (TSX:NPI)

One of the top green energy stocks on the TSX index to watch for decent valuation, Northland Power is a bit of a mixed bag when it comes to indicators of this particular factor. While a PEG of 0.9 times growth and P/E of 13.8 times earnings look fine, a P/B of 4.7 times book is perhaps too high for some value investors. And if risk isn't your thing, you may want to be aware of a high debt level of 508.3% of net worth.

A dividend yield of 5.7% follows the curious trend among certain types of Canadian stocks whereby higher debt levels are positively correlated with higher dividends. Indeed, a ROE of 28% shows that Northland Power likes to keep its shareholders happy, while making good use of their funds. A 14.8% expected annual growth in earnings should satisfy dividend stock pickers scouring the TSX index for growth.

This stock gained 0.33% over Christmas, which is an interesting contrast with Algonquin Power & Utilities's drop. Could Northland Power be the ultimate green power contrarian pick? Its beta of 0.64 shows that you're getting a stable stock, and its share price is discounted by more than five times its future cash flow value.

The bottom line

Investing in Canadian energy has been a popular way to make money with stocks on the TSX index ever since its inception: great value and high dividends are on offer, all in one defensive sector. Low betas abound, while long-term attractive valuation makes for some meaty dividend yields. The two stocks above are strong choices if you're looking to add alternative energy to your portfolio.

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