



Invest in This Renewable Energy Stock and Get Rich

Description

Over the past few years, renewable energy has steadily grown in both popularity and importance. What was once seen as inefficient, expensive, and decades out from making any real dent in our fossil fuel-focused economy is now a viable and growing part of the energy market.

For investors, the emergence of renewable energy investments represents an incredible opportunity to profit off this still-new segment that is only poised to grow in future. Once such investment opportunity worthy of consideration is **Innergex Renewable Energy** ([TSX:INE](#)).

Why invest in renewable energy?

One of the biggest advantages that energy companies have over the market is their secure and recurring business model. Typically, the utility signs a long-term contract known as a power-purchase agreement (PPA) that stipulates how much and for how long the company will provide the utility it is selling. The PPA can remain in force for decades at a time, during which time the utility has a stable, recurring source of revenue, which utilities ultimately pass on in part to investors in the form of dividends.

So, where is the advantage provided by selecting a renewable energy provider over an established fossil fuel utility? That advantage lies with the changing marketplace. Specifically, as regulations and laws relating to the environment evolve, renewable energy investments will be selected in increasing numbers over their fossil fuel peers. This is already evident in the marketplace today and is only going to accelerate, as existing PPAs wind down and fossil fuel facilities are shuttered in lieu of newer, more efficient renewable energy ones.

Innergex already has an impressive portfolio of sites that are located across Canada, the U.S., South America, and Europe, and the company hasn't been one to shy away from additional opportunities to expand into new markets. By way of example, in the past week alone Innergex signed a pair of 25-year PPAs to provide both Hawaii Electric Light and Maui Electric with electricity starting in 2022.

In total, Innergex has 70 different sites that include geothermal, hydroelectric, solar, and wind elements.

What about results?

In terms of results, Innergex remains an intriguing investment opportunity now and a lucrative one looking to the future. In the most recent quarterly update, Innergex reported \$140.8 million in revenue, reflecting an impressive 30% gain over the same period last year. Adjusted EBITDA for the quarter came in at \$91.6 million, surpassing the amount reported in the same quarter last year by 12%.

Overall, net earnings for the quarter came in at \$9.43 million, or \$0.07 per basic diluted share, handily surpassing the \$4.25 million, or \$0.04 per basic diluted share, reported in the same quarter last year.

As a dividend investment, Innergex provides investors with an appetizing quarterly distribution that carries a 5.45% yield. Critics of utilities often point to increasing payout levels as warnings signs of an unsustainable dividend, and in the case of Innergex, the payout level hit 88% in the most recent quarter, up 8% over the same period last year. Much of that increase was attributed to higher debt payments, increased dividend payments, and the Alterra acquisition, which is likely to provide a boost to earnings in the future.

In my opinion, Innergex remains a compelling investment option for any investor looking to [diversify their portfolios](#) with a renewable energy investment. If for no other reason, buy it now and forget about it for a decade, letting that [impressive dividend](#) and growth potential work for you.

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1. TSX:INE (Innergex Renewable Energy)

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