



## This 1 Stock Has Long-Term Growth Prospects and a Monthly Dividend!

### Description

Is it possible to have your investment cake and eat it too?

Most investors often struggle with selecting the right mix of investments that can provide long-term growth opportunities and a steady source of income. Fortunately, finding a [single investment](#) that can meet both of those objectives is something that **TransAlta Renewables** ([TSX:RNW](#)) can provide.

### Meet TransAlta Renewables

Calgary-based TransAlta has a portfolio of 40 renewable energy facilities across Canada, the U.S., and Australia that is diversified between hydro, wind and gas elements. In total, the company has an installed base of over 2,600 MW of generating capacity.

In terms of results, in the most recent quarter, TransAlta announced revenue of \$90 million, down \$1 million from the same period in the same quarter last year. On an earnings basis, the company earned \$12 million, or \$0.05 per share in the quarter, reflecting an improvement over the \$73 million loss, or \$0.30 per share loss reported in the same quarter last year. The difference in earnings was attributed to higher finance income, lower foreign exchange losses, and lower interest expenses.

Last October, TransAlta made two announcements that will provide the company with additional revenue opportunities. The first announcement was the signing of a 15-year PPA relating to the 90 MW Big Level wind facility being constructed in Pennsylvania. The facility is set to come online later this year. The second announcement was the expansion of the Kent Hills 3 facility, which after the 17.25 MW expansion will provide a total capacity of 167 MW, and the wind farm is currently under a 17-year PPA.

Long-term PPAs are a norm for energy infrastructure companies, and in the case of TransAlta, the company's 40 facilities have agreements that span out in some cases to beyond 2040, providing a [recurring source of revenue](#) for the company, and in turn, investors.

One of the most attractive aspects of TransAlta remains its monthly dividend. The current 7.92% yield

is one of the best-paying dividends on the market at the moment, and the current payout ratio falls between 80% to 85% of cash available for distribution. Adding to that appeal is the approximate 25% increase in those dividends that has transpired since the company's IPO back in 2013, outperforming the broader market during that same span. That growth is likely to continue on its upward trajectory throughout 2019.

## Here's why you should buy TransAlta now

Apart from the incredible dividend and the diversified portfolio of investments, TransAlta offers investors the opportunity to buy into the increasingly important field of renewable energy. As the regulations for fossil fuel burning facilities continue to tighten around the world, renewable energy companies such as TransAlta are seizing the moment and rapidly expanding their generating capacities to match that growing demand.

By example, in the most recent quarter, TransAlta's renewable energy production came in at 665 GWh, reflecting an impressive jump over the 604 GWh reported in the same period last year.

In my opinion, TransAlta represents a great long-term holding for those investors looking for a stock that can provide a steady income now while also providing some growth prospects for the future as the need for additional renewable energy capacity grows.

### CATEGORY

1. Energy Stocks
2. Investing

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1. TSX:RNW (TransAlta Renewables)

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