2 Clean-Tech Stocks You Must Add to Your Retirement Portfolio

Description

TSX clean-tech stocks offer investors of all risk preferences the security of conventional utilities with higher growth projections.

As consumers replace socially expensive non-renewable utilities with clean tech, the constraint population growth induces on the utility sector becomes an advantage for clean utility companies. Unlike conventional services, clean tech does not depend upon population growth as a new source for demand in developed economies.

Moreover, TSX clean-tech companies have adopted profitable export strategies to provide chic investors with even higher returns. According to Statistics Canada, Canadian clean technology exports grew 40.8% since 2007, comprising 1.9% of total Canadian exports.

I recommend the following two TSX clean-tech stocks with price-to-earnings ratios (P/E) below 20: **Northland Power** (TSX:NPI) and **Algonquin Power & Utilities** (TSX:AQN).

Northland Power

Northland Power operates $8 billion in green energy projects throughout Canada, The Netherlands, and Germany. Investors enjoyed up to a 15.29% capital gain in the past year, along with a hard-to-beat 4.74% dividend yield. Due to offshore wind expansion in the North Sea, the company's free cash flow jumped by 30% in the past year.

Northland leverages high wind conditions in the North Sea to generate 932 MW of power for The Netherlands and Germany. By the end of 2019, Northland expects to commission a third North Sea wind farm to supply 328,000 German households with green energy, promising an increase in earnings and a reduction in its P/E ratio of 15.6. Northland's P/E ratio currently sits slightly above the green energy average of 14.02.

Algonquin Power & Utilities

With headquarters in Ontario, Canada, Algonquin Power & Utilities specializes in distributing sustainable wind, solar, hydroelectric, and thermal energy solutions. The company owns an impressive portfolio of $10 billion in clean energy assets. In the past year, Algonquin's stock rewarded investors with a capital gain of up to 17.68% in addition to an attractive dividend yield of 4.61%.

Ambitious investors should find shared values in Algonquin, as its enthusiasm for growth is as equally unbounded. In the past two years, Algonquin aggressively doubled its revenue from its clean-tech portfolio to $2.17 billion. More revenue growth lies ahead for the company, as it shrewdly expands wind generation capacity to the Midwest United States and Bermuda.

The stock's high P/E ratio of 38.44 is offset by the low 60-month beta of .36, indicating stronger shareholder confidence and superior liquidity.

Why clean tech?

Sustained low interest rates and volatile financial markets create opportunity in the clean utility sector as conservative investors search for a safe haven from the chaos. clean-tech investment hit record levels during the financial crisis in 2008, demonstrating that clean-tech stocks may be a good hedge against inverted yield curve speculation.

Without a doubt, environmental sympathies and trends toward sustainable technology solutions represent growing demand in utilities for clean tech. Supposition aside, the high dividends in clean tech coupled with increasing market share versus traditional substitutes furnish liquid, income-generating assets to astute investors in a high-inflation economy.

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NPI (Northland Power Inc.)

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debraray