



Why Invest in Renewable Energy Stocks?

Description

Have you invested in renewable energy stocks? Renewable energy stocks such as **TransAlta Renewables** ([TSX:RNW](#)) and **Innergex Renewables** ([TSX:INE](#)) are among several renewable stocks that boast impressive yields and strong long-term growth prospects that in many ways surpass their fossil-fuel burning peers.

Let's look deeper at why these are the two stocks your portfolio needs and why now is the time to act.

TransAlta Renewables is an energy behemoth

TransAlta Renewables has facilities across Canada, the U.S., and Australia. Unlike most of its renewable energy peers, TransAlta is not a pure-play renewable option, as the company has natural gas assets that provide nearly half of the company's revenue. In total, TransAlta has 34 renewable energy facilities and seven gas facilities that provide 2,407 MW of generating capacity.

TransAlta's renewable portfolio mainly consists of wind and hydro facilities, as well as a single solar asset. The company is also investing in augmenting that portfolio, primarily through acquisitions. Earlier this year TransAlta acquired two separate wind projects in the Northeast U.S., comprising a 90 MW project in Pennsylvania and a 29 MW project in New Hampshire.

Both projects have PPAs already attached to the sites and expected to be operational later this year.

In the most recent quarter, TransAlta Renewables reported revenue of \$127 million, surpassing the same period in 2018 by \$2 million. Comparable EBITDA over the period came in at \$116 million, reflecting a \$6 million increase over last year.

Turning to dividends, TransAlta offers a monthly payout with an impressive 6.80% yield that is not only one of the highest-paying dividends on the market, but also fairly stable.

Innergex has massive growth potential

Innergex is an independent power producer that has amassed an attractive portfolio of facilities across the U.S., Canada, France, and Chile. Those facilities consist of wind, hydro and solar elements, and together those 66 existing sites provide an installed capacity of 2,888 MW.

One of the many things that I like about Innergex is the sheer number of opportunities that the company has. Earlier this year Innergex divested its assets in Iceland, which at the time the company noted was to focus on other core markets and technologies. Some of those opportunities are reflected in the company's active and prospective project lists.

Specifically, Innergex has seven active development sites across the U.S. and Chile that will provide an additional 948 MW of capacity once all sites are completed in 2022. A further 7,770 MW of capacity is being projected through Innergex's prospective project list, all of which are at various stages of development.

In terms of results, in the most recent quarter, Innergex reported revenues of \$126.4 million, representing an impressive 24% gain over the same period last year. EBITDA witnessed an equally impressive 27% gain to \$93.2 million.

Innergex offers investors a quarterly dividend that currently yields 4.97%. The company has also maintained annual upticks to that dividend, with the most recent increase coming earlier this year.

Why should you buy renewables right now?

One of the things I love about investing is finding [little-known opportunities](#) that have largely escaped the market. Renewable energy stocks such as TransAlta and Innergex are perfect examples of this. Renewable energy is no longer seen as being inefficient, expensive and unavailable to the masses. In fact, renewable energy continues to grow in importance across the global economy.

Projections by the U.S. Energy Information Administration (EIA) show that renewable sources could comprise over 20% of global electricity generation within the next few years.

Now consider how much TransAlta and Innergex have grown over the years. TransAlta has seen a 35% uptick year-to-date, but over the course of the trailing two-years, the stock is actually down 8%. Innergex is up over 13% in 2019, and trading near flat over the same two-year period.

In short, if these stocks aren't in your portfolio yet, buy them now. In addition to the strong growth that they are expected to realize, both offer appetizing dividends that are only going to [continue growing](#).

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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

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Date

2025/08/24

Date Created

2019/07/06

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