



## TFSA Investors: 1 Canadian Growth Stock for Your Portfolio

### Description

With Canada coming down heavily on oil stocks, investors have to find other energy companies to invest their capital in. Renewable energy companies are the future of energy, and there are quite a few options in Canada that one can look at.

**Boralex** ([TSX:BLX](#)) is a major player in renewable energy with businesses in Canada, the United States, and France. For the three-month period ended September 30, 2019, revenues from energy sales totaled \$92 million, up to \$13 million, or 16%, compared to results for the corresponding quarter of 2018.

For the third quarter of 2019, Boralex recorded consolidated EBITDA of \$45 million, up \$6 million, or 16%, compared to the corresponding quarter of 2018. Overall, for the three-month period ended September 30, 2019, Boralex recorded a net loss of \$36 million versus a net loss of \$37 million for 2018. For the first nine months of 2019, Boralex recorded a net loss of \$20 million versus a net loss of \$47 million for the same period a year earlier.

As of September 30, 2019, discretionary cash flows amounted to \$96 million based on the previous 12 months. This is an increase of 64% compared to the \$59 million recorded in fiscal 2018.

### Focus on expansion

Boralex has projects that will add 82 MW to total installed capacity, raising it from 2,003 MW on June 30, 2019, to 2,085 MW by late 2020. Total investment in these projects will be to the tune of \$255 million, of which \$180 million will come through loans. They will add an estimated \$30 million to annual EBITDA.

Boralex [relies on its solid expertise](#) in developing small- and medium-sized projects, which is a key advantage for seizing opportunities in increasingly competitive markets, particularly the solar power market.

The company's current project portfolio in the solar power segment amounts to a total of 630 MW. The

potential market for the solar power segment amounts to about 20,000 MW, and Boralex plans to substantially strengthen its presence in this segment.

The wind power segment remains Boralex's top growth sector, accounting for 88% of its installed capacity as of September 30, 2019. Based on the analyses performed, this segment represents a total market potential of 10,875 MW for the company, while its portfolio of projects at various stages of development totals 2,375 MW.

The company has aggressive plans for the next four years. The company wants to generate discretionary cash flows to the tune of \$140-\$150 million in 2023, which translates into a compounded growth rate of 20%.

Boralex stock is trading at a forward price-to-earnings multiple of 83.5. However, analysts expect company earnings to increase by 124.4% in 2019 and by 191% in 2020. Boralex is expected to grow sales by 22.1% this year. The stock has a price-to-sales ratio of 4.7 and a price-to-book ratio of 3.22. The company also has a forward dividend yield of 2.5%.

Growth stocks come at a premium, and Boralex is no exception. Analysts have pegged the average target price for the next 12 months at \$26.56. The stock is already trading at \$26.36. The stock has regularly hit 52-week highs in the past year, going from \$18 last January to its current levels today. That's a gain of almost 45% in one year. If Boralex keeps meeting expectations, expect this trend to continue.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:BLX (Boralex Inc.)

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