



Sustainably Power Up Your Portfolio With This Renewables Gem

Description

We have rung in a new decade, and it appears that many of the trends we saw permeate financial markets in the latter part of the previous decade have kicked into high gear recently.

One such trend has been the move toward companies focused on Environmental, Social and Governance (ESG) by institutional investors such as pension funds, endowments, and hedge funds.

This is a trend I expect will continue to fuel companies like **Northland Power** ([TSX:NPI](#)) over the long term. Northland Power is an energy company focused on renewable energy sources and has built up its capacity to an impressive level to date.

Currently, Northland Power has total renewable energy capacity around 2,500 megawatts, with a significant percentage of capacity already contracted out.

This is perhaps one of the energy company's best-selling points, and something I generally like about names like this revenue stability allows for companies to maintain or raise dividend distributions over time, and also allows for more management leeway or control in terms of margin expansion through cost-cutting measures of efficiency/innovation initiatives.

Northland Power has additionally announced plans to add on an additional 1,000 megawatts of renewable power to its portfolio, which will drive growth for the company's top and bottom lines for some time to come.

Northland has built an incredible stable of assets across the globe, which would be very difficult (and expensive) to build from scratch today, providing investors with value that is unlikely to be accurately represented by the company's book value or net asset value.

This is one case where I believe the "hard" infrastructure assets owned by Northland will actually grow to be more valuable at least in the short-term, as investors pile into this space.

One of the assets Northland is bringing on, as part of its 1,000 megawatt investment, is an offshore wind facility which is expected to come online this year.

Northland has been thoughtful about how it has staged its capital spend over time, and has managed the company's capital structure quite well compared to its peers.

As a global player already, Northland has a unique value proposition, in my opinion, for the average Canadian investor, as investing in a name like Northland will allow for much-needed geographic diversification (most Canadian investors simply invest too close to home).

On that front, Northland has announced it will be moving into Southeast Asia in a big way, with plans to roll out various projects in Taiwan, Japan, and South Korea in the not-too-distant future.

These are key markets for investors, as it generally takes companies years to build up the relationships and market research to enter these areas, meaning Northland is ahead of the curve.

Bottom line

From a strategic long-term perspective, investors in a company like Northland are bound to do well over time. The company is well-managed, is an ESG play, has announced a nice share buyback program of eight million shares, and continues to have solid fundamentals.

Given the current market valuation of Northland, I would recommend investors look for buying opportunities on any dips moving forward.

Stay Foolish, my friends.

CATEGORY

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1. canada
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TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

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